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FINANCIAL TIMES

No. 27,253

Thursday March 31 1977

\*\*\*12p

For Really Discerning Drinkers HIGH & DRY Really Dry Gin

CONTINENTAL SELLING PRICES: AUSTRIA S.15; BELGIUM F.25; DENMARK Kr.3.5; FRANCE F.3.0; GERMANY DM2.0; ITALY L.100; NETHERLANDS Fl.2.0; NORWAY Kr.3.5; PORTUGAL Ec.20; SPAIN Ptas.40; SWEDEN Kr.3.35; SWITZERLAND Fr.2.0; EIRE 12p

GENERAL End of Smith rule forecast

Dr. David Owen, the Foreign Secretary, who is expected to discuss southern Africa with...

Jumbo toll rises

As investigators continued their search for clues to the cause of Sunday's collision between the Jumbo jets at Tenerife...

Uister blasts

Two bombs exploded in London last night after training had been telephoned to police...

Drug arrests

Three more people were arrested last night under the Misuse of Drugs Act after further police raids in north Wales...

Stonehouse clash

Mr John Stonehouse, the third former MP, today led an investigation of his financial affairs...

Queen returns

The Queen left Perth, Australia, for London last night on the conclusion of her Silver Jubilee tour...

Odds on Tories

Ladbrokes quoted the Tories at 7/5 to win today's Stretford by-election. Labour 11/10 and the Liberals 50/1.

Briefly

Big Ben is to be replaced between April 4 and April 17 while replacement parts are installed. Lord Thomson of Menzies, former EEC Commissioner and Labour Minister, was introduced in the Lords yesterday. Yorkshire policemen are applying for Bradford bus station security posts because the number is up to 11,200 a year more than their staffing rate. China has launched a campaign to encourage hard work by re-introducing the concept of competition and incentives.

CHIEF PRICE CHANGES YESTERDAY

Table with 2 columns: Item and Price Change. Includes RISES (Eggs, Milk, etc.) and FALLS (Pork, etc.).

BUSINESS Sterling stronger; equities up 6.8

STERLING continued to strengthen, rising above \$1.72 for the first time in six months. Bank of England was active in preventing the pound rising too steeply...

Equities up 6.8

MILTS made big gains, with Londoned stocks rising by up to 3% and shorts by up to 2%. FT Government Securities Index rose 1.8% to a four-year peak of 70.79...

Tea price rise to be examined

TEA PRICES are to be examined by the Price Commission. It is to look at the importation, blending, packaging and distribution of tea...

Productivity in industry

PRODUCTIVITY in industry is being watched more closely than ever in the early stages of economic recovery. Back Page: Ministers are close to finalising plans for a productivity scheme...

Monopolies Commission

MONOPOLIES Commission is to examine the £15m market for electricity supply meters.

Capital and Counties

CAPITAL AND COUNTIES have to raise over £40m at an auction in July of nearly six acres of Knightsbridge, London, including 80 shops, four hotels and 300 flats.

House of Fraser

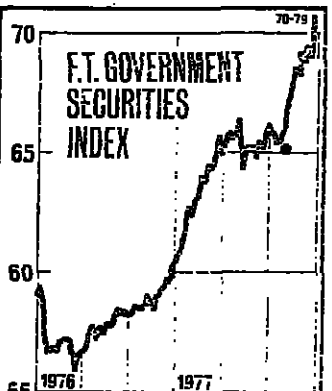
HOUSE OF FRASER ended its year to January 29 with record profit of £27.68m.

Interest rates drop 1% to 9 1/2% as gilts hit four-year peak

BY MICHAEL BLANDEN

A new cut in interest rates sparked off a boom in the gilt-edged market yesterday as the City reacted favourably to the Budget.

The big banks reduced the cost of their overdrafts by 1 per cent, cutting their base rates from 10% to 9 1/2 per cent. At the same time, they cut the rates offered on seven-day branch deposits by 1 1/2 per cent to 5 per cent...



The decision reflected the present concern of the banks to maintain their profitability, at a time when they have little incentive to compete actively for funds because of the sluggish demand for lending and the continuing restraint imposed by the so-called corset controls.

Editorial Comment Page 18

The Budget and Phase Three Page 18

Economic Viewpoint Page 14

Parliament Page 14

Deployment

As outlined by Mr Vance the proposal called for a reduction in the number of strategic delivery vehicles, the number of modern large ballistic missile launchers, and the number of launchers for missiles with multiple warheads...

Participation

Mr. Vance said that as a result of his meetings with Soviet leaders, including Mr. Brezhnev, the Soviet Party Leader, on Monday and in the final session...

Deployment

The Soviets made a proposal of their own which was unacceptable to the American side, because it does not deal directly with the cruise missile issue.

Deployment

The proposal called for a ban on the development and testing of new ICBMs and mobile ICBM launchers, and a ban on the testing and deployment of the controversial American cruise missile beyond a set range, including the intercontinental range.

Deployment

There were also measures to deal with the question of nuclear non-proliferation. Despite the Soviet rejection of the two American proposals, strategic arms limitation discussions, could continue.

Deployment

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Deployment

Table with 2 columns: Features and Page Numbers. Includes Budget and Phase, Economic viewpoint, etc.

Mortgage rates cut expected soon

By Michael Cassell, Building Correspondent

THE MORTGAGE rate is expected to be reduced by the building societies when they next meet on April 15. It seems likely that the present record 12 1/2 per cent will fall to 11 per cent.

With the further reduction in bank deposit rates announced yesterday and another cut in Minimum Lending Rate expected tomorrow, the societies' own rates are now well out of line with those of their major competitors.

The banks are now offering only 5 per cent gross on deposits, rising to around 10 per cent on larger sums, while the societies continue to offer 12 per cent gross and upwards to their investors.

Surprise move

The main surprise in the list is the return to active politics of Alan Peyrefitte as Minister. A long-standing Gaullist, M. Peyrefitte served as Gaullist Information Minister, and held at various times the Education, Administrative Reform and Cultural Affairs portfolios under de Gaulle and his successor President Pompidou.

Surprise move

He is one of only two new faces in the Cabinet. The other is M. René Monory, appointed from the Senate to the Industry Ministry.

Surprise move

Eight Ministers retain their portfolios, including M. Louis de Broglie at Foreign Affairs and M. Yvon Bourges at Defence. Three men change portfolios with M. Christian Bonnet moving from Agriculture to the Interior; M. Robert Boulin, to Finance under M. Barre; and M. Michel Gaultier, to the official Government candidate for the recent mayoral election in Paris, from Industry to Culture and Environment.

Surprise move

The other chief victims of the reshuffle are M. Michel Durofort, senior Radical Party member in the Government, who was Financial Secretary but lost his mayoral contest in St. Etienne to a Communist, and Mme. Françoise Giroud, who during the Paris municipal battle became involved in an ugly row about whether she had really received the Resistance Medal after the war, and lost her bid for a seat on Paris City Council.

Surprise move

The purge of the party politicians was ordered by the President with the Prime Minister's endorsement in a dramatic attempt to form a Government.

Surprise move

Men and Matters Page 18

Surprise move

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Men and Matters Page 18

Surprise move

Table with 2 columns: Annual Statements and Interim Statements. Lists various companies and their financial data.

New French Cabinet ready to fight Left

BY DAVID CURRY

PARIS, March 30.

M. RAYMOND BARRE, the French Prime Minister, announced the composition tonight of the streamlined Cabinet which will take the ruling coalition into the crucial General Election against the Socialist-Communist Union of the Left in little over 11 months' time.

In line with the instruction from President Giscard d'Estaing to remove the Cabinet completely from party politics, the three most senior politicians from the outgoing Government have been dropped.

They are M. Michel Poniatowski, the Interior Minister and Leader of the Independent Republicans; M. Jean Lecanuet, the Centrist CDC Leader, and Planning Minister; and M. Olivier Guichard, senior Gaullist in the Government, and Justice Minister.

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Advertisement for Blackwood Hodge. Text: 'There are still a few places where Blackwood Hodge aren't known. In 50 countries throughout five continents, Blackwood Hodge are a land-mark in the construction industry. That's because we sell and service the finest earthmoving equipment in over 100 major locations. BLACKWOOD HODGE Still the world's largest distributor of earthmoving equipment.'



LOMBARD

A Liberal dose of wishful thinking

BY ANTHONY HARRIS

THE CHANCELLOR may be hearing from his new Liberal colleagues at their first meeting that although his Budget is all very well as far as it goes...

What is more, they would be quite right to do so. It is rational to talk as if take-home pay is the only subject for bargaining...

Ingenuity The whole proposal could only come from the Liberal party: the combination of ingenuity, simplicity and innocence (or simplicity of the wrong kind) is completely unmixable...

RACING BY DARE WIGAN

Sea Pigeon has the class

EVERY HAD-to-day's Flat meeting at Teeside not been abandoned, owing to the course being waterlogged...

SALEROOM BY ANTONY THORNCROFT

Brisk demand at Sotheby's

SO THEBY'S must have approached its major spring sale yesterday with some apprehension, after Christie's rather unhappy experiences selling Impressionist pictures...

TENNIS BY JOHN BALSHO

The Queen to present prize at Wimbledon's centenary

THE QUEEN, accompanied by Prince Philip, will pay a Jubilee year visit to Wimbledon to see the 100th anniversary of the tennis championships meeting...

Select Committee wants into West Indian education

A HIGH-LEVEL independent inquiry into the poor school standards of West Indian children and possible remedies was urged by a Commons Select Committee yesterday.

Move to reduce deer population

SCOTTISH LANDOWNERS were asked to help an official red deer survey by killing more red deer because of a population explosion...

Rail project underway

RAIL ENTHUSIASTS hoping to see their scheme for a new railway between Alton and Winchester...

Rediffusion marketing post

Mr. P. J. M. Falten has been appointed to the new post of managing director of the Rediffusion group...

TV Radio

Table with 3 columns: Time, Channel, Program Name

SCOTTISH

Table with 3 columns: Time, Channel, Program Name

LONDON

Table with 3 columns: Time, Channel, Program Name

ATV MIDLANDS

Table with 3 columns: Time, Channel, Program Name

F.J. CROSSWORD PUZZLE No. 3344

Crossword puzzle grid with numbered squares

- Across: 1 Animal going east on railway to make a home for others (8); 3 Odds 'I'd like to quote for a spinner' (6); 10 I'm entering liberally as a restriction (5); 11 A good-looking one way but wanting integrity (9); 12 Little Alfred standing in the crowd where there's plenty of fun (5); 13 Land partly behind? I saved! (5); 14 Looked hard at pre-eminent edition (16); 15 Quote for a hat-style (7); 16 Turn up mine in the driver's seat (7); 17 Has her constitution to be changed for this? (6); 18 Summer snake (15); 19 Children going to jump (9); 20 Ascertaining I'd go inside delivering supplies (9); 21 Roman goddess in dire need (5); 22 Reluctant deputy to finish (9); 23 Country in the red it must be repeated (8); Down: 1 Article in position in bishop's residence (6); 2 G-man's city involvement could be athletic (9)

Table with 3 columns: Time, Channel, Program Name

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# Bolshoy Ballet—and Semenyaka

by CLEMENT CRISP

The Bolshoy Ballet has probably never looked more like itself in the West than on its recent visit to Paris; playing on stage as extensive as that in home theatre allows the company's style—both physical and musical—to expand. At Covent Garden at the Coliseum, it has, once again, the Bolshoy's less straining against the constraints of the stage; now at the Palais des Congrès (the huge, modern and artistic complex built for the Olympics) they have room to spare, as they have on the Palace of Congresses stage in Kremenlin. Like the Palais des Congrès stage and its audience, the Bolshoy season is a big, seven weeks of performance which will finish on April 1 with a repertory of *Giselle*, *La Bohème*, *Don Quixote*, *Spartacus*, and programmes each consisting of one act from three by Chaikovsky and three Prokofiev; and in addition performance of from the Bolshoy's full forces of the Bolshoy was brought to Paris—as well as orchestra—London can well feel any ship looking in far better shape than it did on its last British visit: better, and more coherent as an ensemble.

fact that Semenyaka so plainly did not suit the ballet or its manner. And then Semenyaka came on stage to the grand pas de deux, with Lavrovsky as her cavalier. She stood, wearing a plain white tutu, and in this simple pose the beauty of her slender physique, the absolute authority of her manner, announced—as if to a fanfare of trumpets—that she is a true ballerina.

Record Review  
Zimmerman, Berman, Woodward  
by DOMINIC GILL.

analytical way, but without any doubts and reservations of my great immediacy or bloom. The rest of the recital is devoted to shorter pieces. The best of these—a group of three Mazurkas, restrained, shyly intimate, a delicate, fleet-fingered F major Etude from op. 10, a same artist gave of the same concerto with the same orchestra in the Festival Hall last year? The record is from another world for all the virtues of the playing: I wonder if these competition performances can be truly representative? A whole evening, even a whole record, of such ruthless, uncompromising clarity (as it were on the surface of, rather than behind, notes) becomes a mannerism itself, liable to prove more wearing than satisfying. Generalisations from a single disc are as unfair as they are unreliable: one looks forward to hearing more of this richly talented young artist soon.

practical Spartacus was indeed, and the polarisation of the audience's sympathies seemed curiously in doubt. Vladimir's "political" Spartacus makes him very much a man of our own time; an unpredictable guerrilla leader, no doubt inspired by libertarian feelings, also satisfying a quest for a heroic figure. He rarely catches at the bait, albeit the arguments in his favour are intellectually clear, so that the scene in which Spartacus confronted his defiant followers became a fascinating moment of conflicting dialectics rather than the betrayal of an inspiring man of the people. Of course Vladimir dances the role with all the vigour and physical brightness it demands, and his roaring diagonals of leaps have space to breathe at the Palais des Congrès, but he cannot disguise the Gramscian historicism of the piece as can Lavrovsky and Vasiliev. (There is an element of Duocanism in Grigorovich's choreography; the massive emotion that has to speak through an almost simplistic language relies upon an immensely powerful projection for its effects.)

The scamping Phrygia of the night before seemed a caricature of what she really is: a superlative classical dancer. With her exquisite, long silhouette (recurring photographs of Olga Spessivtseva), wonderfully pure line in perfect placing, Semenyaka's personality becomes absolutely focused in the academic dance. She possesses every virtue of classic style. Her dancing is noble, harmonious, sweet, without trick or mannerism, and with nothing to corrupt the essential clarity of the dance-image. As Masha she has a Spring-like radiance; the choreography calls—unnecessarily—for some fidgety complications of step through which Semenyaka foists with extreme musical sensitivity and a kind of

But there is nothing "cold" about her dancing; it has a warmth and lyricism that bring academic accuracy to life. She is a marvel. Her quality is in part explained by the fact that she is a product of the Leningrad school; like the miraculous Kolpakova she embodies all that is finest about that unique academy, and nowhere else in the world can produce dancers so gloriously shaped for the most searching demands of the classic style. Watching dancing of this calibre, one can but feel a sense of immense joy and gratitude to an artist like Lyudmila Semenyaka the future of classical dancing is safe.

The Entertainment Guide is on Page 35  
pressed and distributed here, at the climax of the Berman boom in the west, by EMI. Berman sounds understandably more relaxed than he was at his debut recital in London a few months ago, playing not without a certain pressure to drive himself to the limits of his transcendental technique. He catches the half-light shadows of the first movement admirably; expounds the Aria in the simplest, most gentle language, rounds it with a careful, expressive rubato; animates the scherzo with some brilliant plays of rhythm and drappling light.



Semenyaka as Masha in 'The Nutcracker'

### Banking & Sources of Finance in the EUROPEAN COMMUNITY

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### Il castello di Kenilworth

by MAX LOPPERT

Uniting its recognition of the Jubilee Year with its contribution to the Camden Festival, Opera Rara has this year come up with the first of Donizetti's so-called Tudor operas, *Elisabetta al castello di Kenilworth*, given at Naples in 1829 as a gala for Queen Isabella (the opera's title is more familiar in shortened form). The Donizetti resurgence of the past decade has been so rewarding, and Opera Rara's part in encouraging it so valuable, that we should view with indulgence this particular example of the composer at his dulcet and theatrically least remarkable—or so, after Tuesday night's performance, it seemed to me.

The Elizabethan plot—Leicester, the Royal favourite, is forced to conceal his secret marriage to Amy (here Amelia) Robert; Elizabeth's discovery brings jealous outrage; at the queen's sudden change of heart provokes a display of the magnanimity and permits the happy end—was drawn from Scott's novel *Kenilworth*, by way of a Scribe libretto for Auber and (possibly) Hugo's play *Amy Robert*, although (here a celestial) play end with Amy's fatal dis-

### The Magic Drum

Lyttelton

The gauntlet is well and truly thrown down to other companies visiting the National after productions by Finchon, Chegeev and Stein. But the first British regional theatre into the Lyttelton, the Phoenix Theatre Company from Leicester does not really invite invidious comparisons with this charming, Chinese fairy story by James Kirkup, primarily intended, and perfectly suitable, for young children.

Simply and effectively staged by Michael Bogdanov to achieve a nice balance of Eastern dignity and pantomime humour, the action centres around a young peasant boy who receives a magic drum from heaven. By beating it, he awakens the forest, the elements and the envious attentions of the Emperor in Peking. Amidst a flurry of swishing red flags and picturesque lighting, the boy is pursued to an untimely death in the rice Chang, represented by flowing blue silk running through the dazzling white mountain peaks. All effects, as in the Chinese drama, are beautifully and carefully suggested by the skilful manipulation of properties and materials by the actors.

Once the Emperor lays his hands on the drum, no one else is able to play it and the court removes to the countryside where the boy's ghost returns to pacify his brief-stricken parents and confirm his magical reputation. The audience at Tuesday's matinee was entirely seduced by the story and thoroughly entertained by the colour and beauty of the proceedings.

In a small and likeable company, Dr Clarke doubles as a fearsome Emperor and a stalwart of the musical numbers; Geoffrey McGivern is an amusing and nervous Chamberlain; Derek Hollis a clear and sympathetic character. The Chinese costumes are a feast for the eye and the stage splendidly cluttered with lanterns, tubular bells, cymbals and more mundane drums, all impressively dominated by a circular arrangement of imaginatively lit from behind by Chris Ellis.

MICHAEL COVENEY

### From 1st April you can improve your city image for 20% less!

After a Budget like that and in the present political situation, April Fool's Day seems a sensible time to open a new store.

Called City Slicker, it's in Cheapside and sells stock-marketwear for City gents.

To celebrate the opening of this new City institution, City Slicker are offering a one for five special issue.

20% Discount on everything. Offer closes 7th April 1977.

## City Slicker

46 Cheapside, London, EC2.

GILT EDGED STOCK FOR CITY GENTS

### CITY OF TURIN U.S.\$ 9% Bonds 1991

Warburg & Co. Ltd. announce that the redemption instalment of \$ 10,000,000 of the U.S.\$ 9% Bonds issued in 1976 will be redeemed on 1st May 1977 by a drawing of Bonds to the nominal value of U.S.\$ 10,000,000 and by a drawing of Bonds to the nominal value of U.S.\$ 10,000,000.

The numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:

85	115	144	175	206	235	265	296
326	357	387	418	448	479	509	540
571	602	632	663	693	724	754	785
830	861	891	922	952	983	1013	1044
1095	1126	1156	1187	1217	1248	1278	1309
1350	1381	1411	1442	1472	1503	1533	1564
1600	1631	1661	1692	1722	1753	1783	1814
1850	1881	1911	1942	1972	2003	2033	2064
2100	2131	2161	2192	2222	2253	2283	2314
2350	2381	2411	2442	2472	2503	2533	2564
2600	2631	2661	2692	2722	2753	2783	2814
2850	2881	2911	2942	2972	3003	3033	3064
3100	3131	3161	3192	3222	3253	3283	3314
3350	3381	3411	3442	3472	3503	3533	3564
3600	3631	3661	3692	3722	3753	3783	3814
3850	3881	3911	3942	3972	4003	4033	4064
4100	4131	4161	4192	4222	4253	4283	4314
4350	4381	4411	4442	4472	4503	4533	4564
4600	4631	4661	4692	4722	4753	4783	4814
4850	4881	4911	4942	4972	5003	5033	5064
5100	5131	5161	5192	5222	5253	5283	5314
5350	5381	5411	5442	5472	5503	5533	5564
5600	5631	5661	5692	5722	5753	5783	5814
5850	5881	5911	5942	5972	6003	6033	6064
6100	6131	6161	6192	6222	6253	6283	6314
6350	6381	6411	6442	6472	6503	6533	6564
6600	6631	6661	6692	6722	6753	6783	6814
6850	6881	6911	6942	6972	7003	7033	7064
7100	7131	7161	7192	7222	7253	7283	7314
7350	7381	7411	7442	7472	7503	7533	7564
7600	7631	7661	7692	7722	7753	7783	7814
7850	7881	7911	7942	7972	8003	8033	8064
8100	8131	8161	8192	8222	8253	8283	8314
8350	8381	8411	8442	8472	8503	8533	8564
8600	8631	8661	8692	8722	8753	8783	8814
8850	8881	8911	8942	8972	9003	9033	9064
9100	9131	9161	9192	9222	9253	9283	9314
9350	9381	9411	9442	9472	9503	9533	9564
9600	9631	9661	9692	9722	9753	9783	9814
9850	9881	9911	9942	9972	10003	10033	10064

May 1977, there will be one drawing of \$ 10,000,000 of the U.S.\$ 9% Bonds and one drawing of \$ 10,000,000 of the U.S.\$ 9% Bonds. The numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:

2408	2439	2470	2501	2532	2563	2594	2625
2656	2687	2718	2749	2780	2811	2842	2873
2904	2935	2966	2997	3028	3059	3090	3121
3152	3183	3214	3245	3276	3307	3338	3369
3400	3431	3462	3493	3524	3555	3586	3617
3648	3679	3710	3741	3772	3803	3834	3865
3896	3927	3958	3989	4020	4051	4082	4113
4144	4175	4206	4237	4268	4299	4330	4361
4392	4423	4454	4485	4516	4547	4578	4609
4640	4671	4702	4733	4764	4795	4826	4857
4888	4919	4950	4981	5012	5043	5074	5105
5136	5167	5198	5229	5260	5291	5322	5353
5384	5415	5446	5477	5508	5539	5570	5601
5632	5663	5694	5725	5756	5787	5818	5849
5880	5911	5942	5973	6004	6035	6066	6097
6128	6159	6190	6221	6252	6283	6314	6345
6376	6407	6438	6469	6500	6531	6562	6593
6624	6655	6686	6717	6748	6779	6810	6841
6872	6903	6934	6965	6996	7027	7058	7089
7120	7151	7182	7213	7244	7275	7306	7337
7368	7399	7430	7461	7492	7523	7554	7585
7616	7647	7678	7709	7740	7771	7802	7833
7864	7895	7926	7957	7988	8019	8050	8081
8112	8143	8174	8205	8236	8267	8298	8329
8360	8391	8422	8453	8484	8515	8546	8577
8608	8639	8670	8701	8732	8763	8794	8825
8856	8887	8918	8949	8980	9011	9042	9073
9104	9135	9166	9197	9228	9259	9290	9321
9352	9383	9414	9445	9476	9507	9538	9569

May 1977, there will be one drawing of \$ 10,000,000 of the U.S.\$ 9% Bonds and one drawing of \$ 10,000,000 of the U.S.\$ 9% Bonds. The numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:

2408	2439	2470	2501	2532	2563	2594	2625
2656	2687	2718	2749	2780	2811	2842	2873
2904	2935	2966	2997	3028	3059	3090	3121
3152	3183	3214	3245	3276	3307	3338	3369
3400	3431	3462	3493	3524	3555	3586	3617
3648	3679	3710	3741	3772	3803	3834	3865
3896	3927	3958	3989	4020	4051	4082	4113
4144	4175	4206	4237	4268	4299	4330	4361
4392	4423	4454	4485	4516	4547	4578	4609
4640	4671	4702	4733	4764	4795	4826	4857
4888	4919	4950	4981	5012	5043	5074	5105
5136	5167	5198	5229	5260	5291	5322	5353
5384	5415	5446	5477	5508	5539	5570	5601
5632	5663	5694	5725	5756	5787	5818	5849
5880	5911	5942	5973	6004	6035	6066	6097
6128	6159	6190	6221	6252	6283	6314	6345
6376	6407	6438	6469	6500	6531	6562	6593
6624	6655	6686	6717	6748	6779	6810	6841
6872	6903	6934	6965	6996	7027	7058	7089
7120	7151	7182	7213	7244	7275	7306	7337
7368	7399	7430	7461	7492	7523	7554	7585
7616	7647	7678	7709	7740	7771	7802	7833
7864	7895	7926	7957	7988	8019	8050	8081
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7120	7151						



EUROPEAN NEWS

ITALY'S IMF LOAN NEGOTIATIONS

Bid to reach agreement with unions

BY DOMINICK J. COYLE

INTENSIVE consultations have continued here over the past 48 hours involving the International Monetary Fund (IMF), the U.S. and West German Governments...

ROME, March 30. want in exchange firm Government commitments on new investment programmes, particularly in the depressed south, and on immediate measures to alleviate unemployment.

Schmidt and Vance to air nuclear differences

BONN, March 30.

THE EMERGING American stance against the use of plutonium as a source of nuclear energy will be an important topic in the talks here to-morrow between the West German Chancellor, Herr Helmut Schmidt, and the U.S. Secretary of State, Mr. Cyrus Vance.

U.S. stands back as Cy talks resume in Vienna

BY DOMINICK J. COYLE

THE CARTER Administration in Washington is expected to inter-vene with "friendly suggestions" to both sides if the resumed negotiations for a peace settle-ment in Cyprus which opened to-morrow in Vienna under the chairmanship of Dr. Kurt Waldheim, the UN Secretary-General, show no sign of an early agreement.

Alentejo troops end occupation of smallholdings

By Diana Smith

LISBON, March 30. THE SITUATION in Portugal's southern Alentejo province, the main source of wheat and of politically motivated farming problems, has flared up again.

Legal clash on Spain Communists

BY ROGER MATTHEWS

MADRID, March 30.

THE SPANISH Government and a part of the judiciary appear to have clashed head-on over the legalisation of the Communist Party, and urgent contacts were continuing this afternoon in an attempt to resolve the issue.

immediate and serious repercussions on the political life of the country as it moves towards general elections scheduled for June. A refusal to legalise the Communist party would mean that it could not participate in the elections, and the same fate would almost certainly follow for all those other political parties to the left of the Communists who are also awaiting a Supreme Court decision.

Prices index climbs 2.9%

BY OUR OWN CORRESPONDENT

MADRID, March 30.

THE cost-of-living index in Spain is understood to have spurted ahead by 2.9 per cent, last month following an increase of just over 3 per cent in January. Neither figure has yet been officially published because of a continuing row between the Government and the National Institute of Statistics.

Norway aid to shipbuilding employment

By Fay Gjerster

OSLO, March 30. THE NORWAY Parliament has approved a Kr.1,125bn. (£125m.) scheme to help maintain employment in the Norwegian shipbuilding industry. The aid package authorises Government loans up to a total of Kr.500m. to help convert to other activities in shipbuilding, or to buy production equipment which will increase their competitiveness.

Modelled on Berlin

BY DENNIS KILEY

IT IS always a little disconcerting to believe that nearly one out of three people in the population of Cyprus are of Greek-Cypriot descent, and that the remainder are of Turkish-Cypriot descent. But if you try to move across Nicosia from north to south they will certainly stop you, more or less in the middle of the city.



Le Monde looks at the UNITED KINGDOM. Fifty million Frenchmen can be wrong. Yes, hopelessly wrong about Britain. And can you blame them? Just consider the cliches they have lived with. Milord, Jeeves, Eton's playing fields. Le five o'clock. Sin in high society.

Doubts on Tenerife crash tapes evade. THERE WAS a lull to-day in the series of accusations and denials which has followed Sunday's collision between two Boeing 747 jumbo jets on the runway at Tenerife airport in the Canary Isles. A memorial service for the more than 600 victims of the disaster was being held this evening on the island.



AMERICAN NEWS

J.P. ...

Kennedy killing probe chief resigns

A controversial congressional investigator resigned yesterday...

U.S. economic indicators resume upward movement

BY DAVID BELL

WASHINGTON, March 30.

THE U.S. index of leading economic indicators, which is designed to pinpoint economic trends, resumed its upward movement last month after a sharp fall in January...

...was largely due to a sharp rise in the average work week component of the index...

Crimes of violence down 5% in 1976

WASHINGTON, March 30.

VIOLENT crime in the U.S. declined last year for the first time since 1960...

MICROWAVE OVENS

A very hot potato

BY CAROLINE HYDE

AMERICAN TV commercials at the moment are full of happy housewives playing an extra set of tennis, working wives cooking lavish meals, and children cooking for themselves while Mommy and Daddy are out at work...

As some in the industry see it, the microwave oven sales to households have taken off in the last two years because new features, recently introduced, make it a more attractive consumer product...

The microwave boom is being compared to colour TV sales in the 1960s and the manufacturers are counting on their product being highly profitable during the rest of the 1970s.

A broader array of foods can be cooked. This changed the image of the oven from a \$300 hot dog cooker to a complete cooking device for \$250-\$300.

Microwave oven makers claim that their ovens use up to 75 per cent. less energy than the conventional type. That is true but misleading: the high savings are made on relatively few items...

There is still an argument about safety. The Consumers' Union believes that the necessary research on hazards or lack of them should have preceded the introduction of microwave ovens into millions of homes...

Canada-Cuba pact

Canada has reached an agreement with Cuba to allow Cuban fishing vessels within Canada's 200-mile limit, according to Havana radio, AP-DJ reports from Haiti...

EC options move

Securities and Exchange Commission will consider expanding the put options market on November 7, Mr. Ivers Riley, vice-president of the Board of Options, said yesterday...

Rauss sworn in

Robert Strauss, former chairman of the Democratic National Committee, was sworn in yesterday as President Carter's chief trade negotiator...

Sanfield chosen

President Jimmy Carter has named former Senate Democratic leader Mr. Mike Mansfield, academic expert on the Far East to be Ambassador to Japan...

Carter tax rebate proposals meet difficulties in Senate

BY DAVID BELL

WASHINGTON, March 30.

PRESIDENT Carter's tax rebate proposal, a key element in the economic stimulus package he announced earlier this year, may run into difficulties in the Senate...

are still angry with the President's proposal to cut off funds for several water projects in their home states...

Brazil Congress may be disbanded

BRASILIA, March 30.

THE OPPOSITION party in Brazil's Congress to-day defeated a Government-sponsored judicial reform measure and political observers said that the military regime may disband Congress for the first time in nine years...

MDB leaders said that they would contest the Government's right to hold another vote on a Bill already rejected, although in slightly different form...

U.S. bureaucracy bill

The House of Representatives yesterday gave President Carter the power to reorganise what he calls the most bloated and powerful bureaucracy in history...

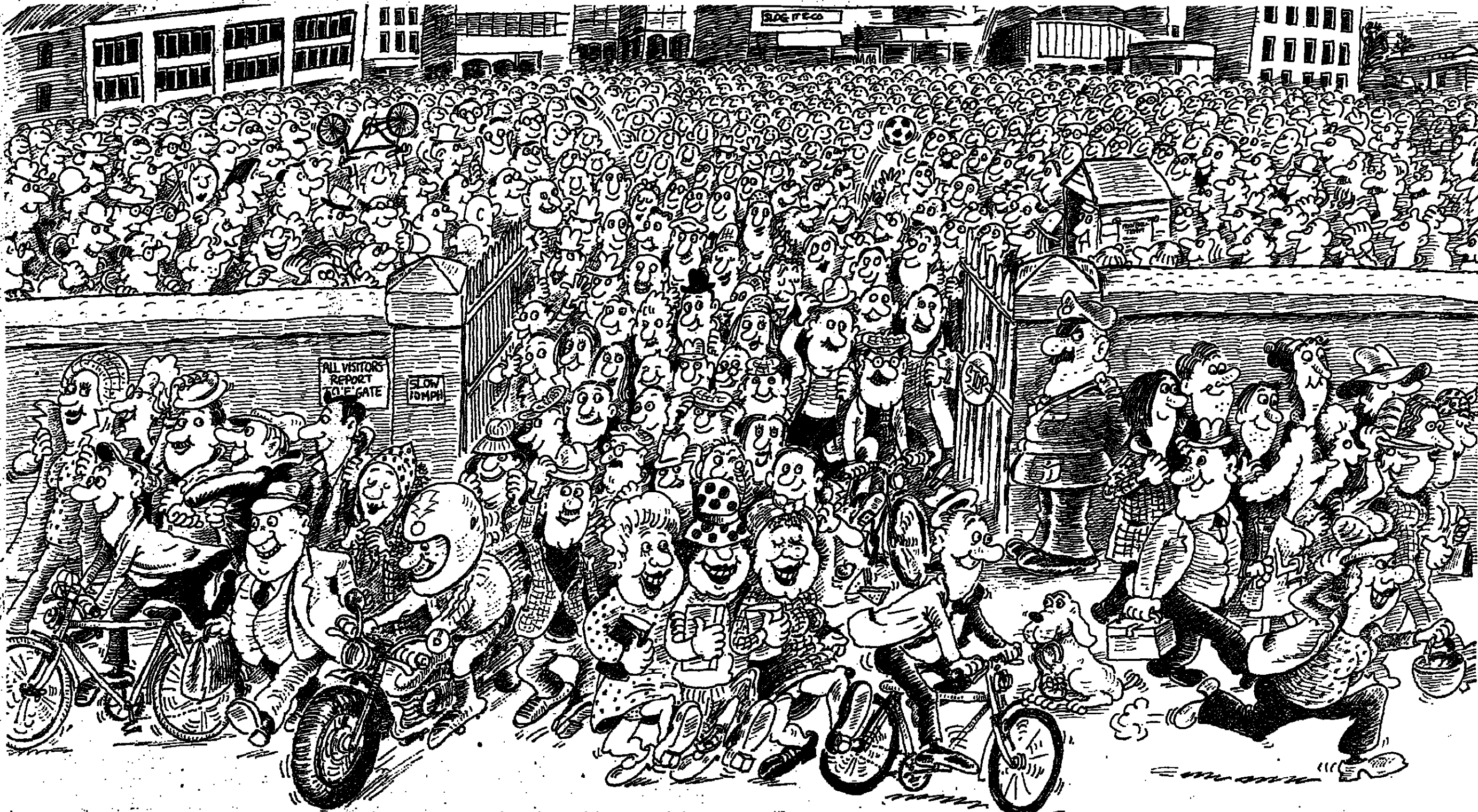
Salzgitter turnover slumps

BY ADRIAN DICKS

BUNN, March 30.

SALZGITTER, the West German Government-owned steel, shipbuilding and engineering group, provided a grim illustration today of the critical state of the European steel industry...

966,000 tons, and that of rolled products from 844,000 tons to 776,000 tons. Fine unit Salzgitter, the steel-making subsidiary of the group, registered a 17 per cent. drop in new orders, with those from European Community countries down 39 per cent. and those from other export markets down 45 per cent.



How can you afford to take this lot to lunch every day on your money?

They all know that reasonably priced meals are your responsibility. But they don't realise how small your budget is. Your problem is to stretch the budget to meet the rising costs.

It's not easy, but experience shows that careful planning can achieve an efficient

and cost-effective catering system. The people at your Electricity Board and the Electric Catering Centre have vast experience in stretching budgets.

Their solutions cover everything from menu analysis to a comprehensive cook-freeze operation. If you are considering

leasing or investing capital in new equipment they can provide information on the best choice.

Also on how to maintain it to protect your investment, and on how staff training can ensure its optimum use.

This professional advice is free and

available through your Electricity Board or direct from the Electric Catering Centre, 45 St. Martin's Lane, London WC2N 4EJ. Telephone: 01-836 7337.

CATERELECTRIC The Electricity Council, England and Wales



OVERSEAS NEWS

S. Africa import surcharge in deflationary Budget

BY QUENTIN PEEL SOUTH AFRICA is to impose a 15 per cent surcharge on all imports to cut its balance of payments deficit and help pay for another big increase in defence spending...

JOHANNESBURG, March 30.

domestic price increases. No other exemptions would be considered. The move was seen here as an alternative to devaluation in an effort to bring about a once and for all improvement in the country's balance of payments deficit...

A religious ritual keeps Anti-Bhutto fires alive

By David Housego LAHORE, March 30.

THE CHARGE that Maulana Abdur Rauf Farooqi holds against Mr. Bhutto, Pakistan's Prime Minister, is that after the election he described this Islamic state as pursuing socialist ideals...

New container services between U.K. and Mideast

BY JOHN WYLES, SHIPPING CORRESPONDENT

A SIGNIFICANT new joint venture to operate container services between the U.K. and Arabian ports has been announced by P & O Strath Services and its Arab partner...

Indonesian contract

A £4m-PLUS order to supply 70 small vessels to Indonesia has been negotiated by the marine division of Associated British Machine Tool Makers...

Michelin tyre plan for Egypt

By David Curry PARIS, March 30.

THE FRENCH tyre firm Michelin has agreed with Egyptian officials to supply 100,000 tyres for the Egyptian army...

Refugees report Angola killings

JOHANNESBURG, March 30.

HUNDREDS of black Angolans, many of them wounded, are crossing the border into South-West Africa (Namibia) from the South African Broadcasting Corporation (SABC) reported today...

Nkomo may see Castro

LISBON, March 30.

THREE SENIOR African black nationalist leaders have arrived in Angola for expected talks with Cuban President Fidel Castro, who is on an official visit there...

Currency factors determine East Bloc shipping rates

BY JOHN COYLE

WESTERN COUNTRIES may have no alternative to the use of foreign currency indices to reflect a relationship between the net foreign currency earnings of a ship and its domestic costs...

Currency factors determine East Bloc shipping rates

BY JOHN COYLE

WESTERN COUNTRIES may have no alternative to the use of foreign currency indices to reflect a relationship between the net foreign currency earnings of a ship and its domestic costs...

Floating ammonia plant

BY WILLIAM DUFFORCE GOTTENBURG, March 30.

GÖTTERVERKEN, the loss-making Swedish shipbuilding concern, which became wholly State-owned earlier this month, today announced a blueprint for a floating ammonia production plant...

Kraftwerk Tunisian contract

FRANKFURT, March 30.

KRAFTWERK UNI is leading a consortium to build a 2,000 MW power station in Tunisia...

China brings back incentives

BY A SPECIAL CORRESPONDENT PEKING, March 30.

IN A MAJOR effort to improve its flagging industries and galvanise apathetic workers, China has launched a campaign emphasising the formerly shunned concepts of "competition" and "incentive"...

Japan-USSR fish clash

TOKYO, March 30.

THE JAPANESE Government denounced today Soviet activity in the current Japanese-USSR fishery negotiations, and said it would be impossible to meet Moscow's demands before the Friday deadline...

No threat from Japan's TV exports

SOARING IMPORTS of Japanese colour televisions last month does not mean Japan is poised to grab a larger slice of our TV market...

U.K.-Japan air agreement

BY KEVIN DONE

THE U.K. and Japan have signed a three-year agreement providing for improved air services directly between the two countries and to and from Hong Kong...

Papua New Guinea to get aid from EEC

BY COLLEEN RYAN PORT MORESBY, March 30.

PAPUA NEW Guinea is to receive aid and trade concessions from the EEC after being granted membership of the Lome Convention this week...

S. Korea loans approved

PARIS, March 30.

THE World Bank said that the International Development Bank (IDB) has approved a \$1.2 billion loan to South Korea...

Wall Street Journal seeks Singapore pledge

BY A SPECIAL CORRESPONDENT SINGAPORE, March 30.

TWO SENIOR members of the Wall Street Journal flew into Singapore today for high-level discussions concerning the future of their investments and publications in the Far East...

India in EEC shirt

NEW DELHI, March 30.

INDIA'S COMMERCE Minister has stated that the Economic Community's recent restrictions on imports of Indian goods are a major obstacle to the country's economic growth...

Ferrari, Maserati to diversify

BY PAUL BETTS MODENA, March 30.

ITALY'S two most celebrated sports car brand names—Ferrari and Maserati—are proposing to diversify their activities by entering into the industrial vehicle sector...

India in EEC shirt

NEW DELHI, March 30.

INDIA'S COMMERCE Minister has stated that the Economic Community's recent restrictions on imports of Indian goods are a major obstacle to the country's economic growth...

India in EEC shirt

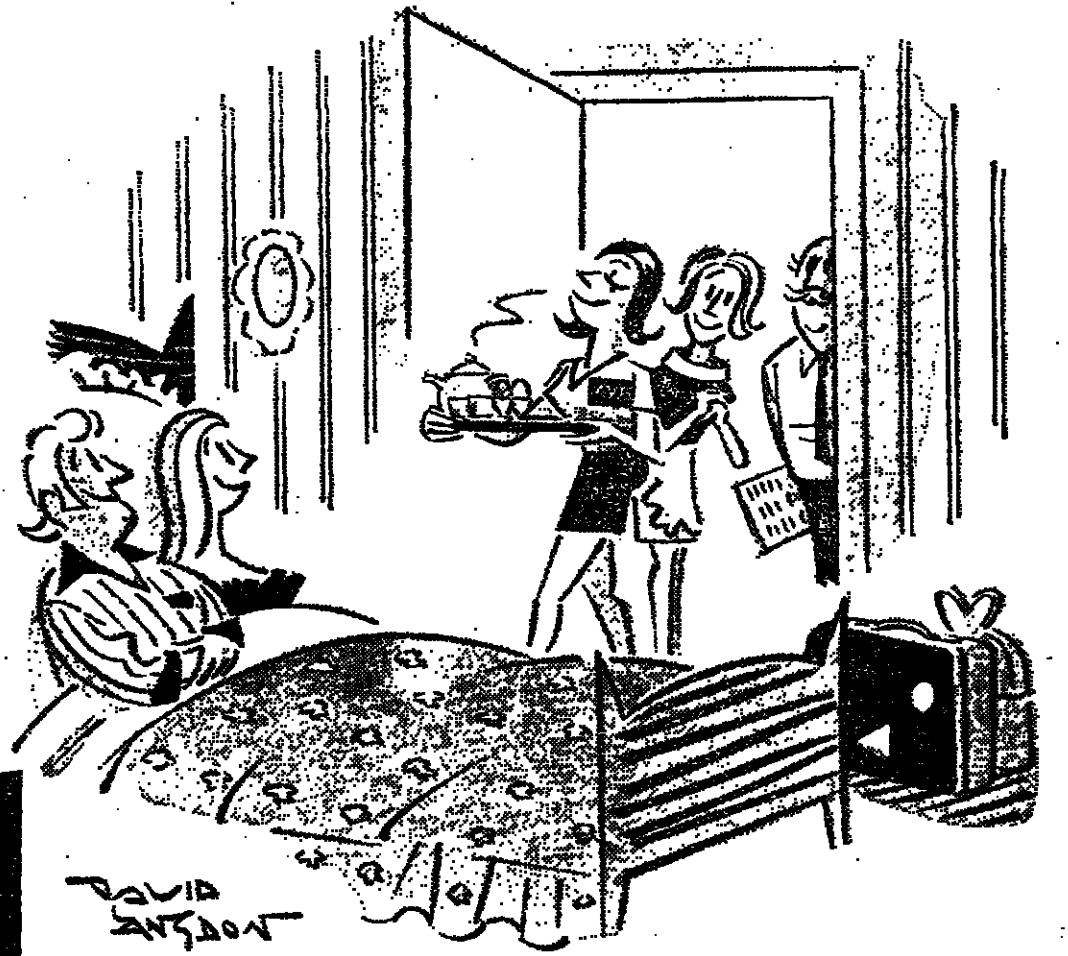
NEW DELHI, March 30.

INDIA'S COMMERCE Minister has stated that the Economic Community's recent restrictions on imports of Indian goods are a major obstacle to the country's economic growth...



دكتورا كيتي كيلتي

# No one tries harder than Avis.



*Like the time Avis rental sales agent Dorothy Kilty helped a Danish couple who arrived too late to collect their Avis car. A taxi driver took them to her home, where she put them up for the night, made them breakfast, and saw them on their way.*

*Like the time Avis secretary Joan Knight came to the rescue of an Avis customer involved in a minor accident near Heathrow. She gave him coffee, looked after his luggage, then drove him to Avis Heathrow to pick up another car.*

*Like the time Avis mechanic Stanley Satchell gave up his Saturday afternoon to rewire the window control of an Avis Rolls-Royce.*

*Like the way we have 70 offices at major cities throughout the UK, including 20 airports.*

*Like our one way rental service.*

*Like the condition and newness of our cars; few are older than 9 months.*

*No one tries harder than Avis.*



**We rent Chrysler and other fine cars.**



THE JOBS COLUMN

# What Budget will do • Much smoking resentment

BY MICHAEL DIXON

WHAT IS the likely effect of the Budget on the demand for managerial workers? I put the question yesterday to five leading figures in the field of executive manpower — Harry Roff of MSL, Ken Hampton of EA Advertising, Lance Secretan of Manpower, Phillip Egerton of Inbucon/AIC, and Norman Philpot of Lloyd Executive Selection.

I cannot exactly say that their answers betrayed excitement. Indeed, they felt that the Confederation of British Industry and the British Institute had been wildly over-enthusiastic in describing the Chancellor of the Exchequer's exercise as "a step in the right direction." In reality, even if the unions co-operated, it would be no more than a wriggle of the toes in the right direction.

"And it will take quite a lot more wriggles like that to start convincing people in business that at last governments — and I include the Civil Service — are beginning to understand," said Mr. Egerton, adding that three of his clients he had just telephoned all felt the same way.

Mr. Secretan was worried about where the Chancellor learned his arithmetic. "He seems to be postulating that we'll pay 9 per cent. less tax which, with 13 per cent. inflation will result in the stabilising of our living standards. I can't quite see how he works that out."

But all in all, I think this country will have to get back to fundamentals, and Denis Healey's obviously not yet doing that. He's trying to Scotch-tape together the social contract and so on; he's not really tackling the fundamental problems of skilled work, differentials and productivity.

Where demand for managerial types by U.K. employers is concerned, the five all felt that it was already rising beyond expectations. "But I don't think the Budget will make any serious difference," said Mr. Roff.

"If demand's rising here, it's because world trade is picking up," said Mr. Egerton. "I'd say one good export sales manager can do more in two days for executive employment than the Chancellor did on Tuesday."

"But if a revival of world trade is having a bullish effect on demand by home companies," commented Mr. Roff, "it seems bound to raise demand for overseas for good British executives." The overseas demand, he added, had risen from 700 executives a month in 1975

to more than 1,000 now. "And the point is," said Mr. Hampton, "that though Denis Healey has ameliorated the tax on managerial people, he hasn't done enough to compensate them for the abysmal effects of his previous efforts, let alone offer real income incentives anywhere near competitive with those overseas."

Mr. Philpot agreed. "And if overseas demand goes up, the people will go. Every day I get more and more good men wanting out, just to get more bread. They don't care where."

So, in the opinion of my five-strong sample, the only significant effect of the Budget on executive employment will be to boost the Boss Loss.

**Candidates' Charter**

LIFE has been fairly hectic since I reported a fortnight ago that eight recruiters I had met were in general agreement that there is currently a scarcity of good candidates for jobs of the managerial kind.

Although I have been out of the office a good deal, more than 50 job candidates in salary brackets ranging from £6,000 to £13,000 have contacted me with protests which, while they differed in detail, also showed up for being terrified of offending their own employers by taking it out on the candidates.

They all felt that any shortage of good candidates could not possibly be so bad as the dearth of good recruiters.

Aggrieved reports have reached the Jobs Column from time to time in the past, of course, but I had not suspected that there was so much smoking resentment among consumers of managerial employment against company personnel departments, find some effective means of recruitment consultants and, correcting it. How?

Fortunately a possible answer was implied by another caller, a man made redundant some while ago from senior line management. "Too many of them don't care a damn, particularly if you're unemployed. It has made me wonder whether the personnel people I had, went about treating people like that, surely that as one reader put it: 'Although there are exceptions, I am convinced that in your position to do some of this age of worker participation thing about it; only when you're on the mucky end of the stick as a shameful admission which loses one the right to be treated even with elementary courtesy.'"

Others, also complaining of scant respect, went on to attribute it to recruiters' sense of professional insecurity. "It reaction I have reported, it is has struck me that they make evident that there are at least

three points which need including. Almost all who responded complained of receiving no reply at all to some of their applications. Several spoke of telephoning to inquire whether their letter had arrived only to be told that the recruiters they could not even acknowledge them all. "If a firm gets hundreds of applications for a management job," said a disgruntled accountant, "I'd think it's probably their own fault for not being precise enough in their advertisement. So besides being a common courtesy, if they had to acknowledge them all, it'd be a good way of teaching whoever drew up the ad to be more careful in future." Which seems a good point.

Several other people said that after initially receiving a note that their application was being considered, they had never heard anything more. So the first clause I would suggest for the charter would be:

While an acknowledgement of each application is necessary, it is not sufficient. Whenever a recruiter decides that an application has failed—whether at the outset or at some later stage—the candidate is entitled to be informed with the minimum of delay.

A second likely clause is that the advertisement must always state what form of reply is desired. The number of people who have laboured for hours distilling their working experience into handwritten words on one side of paper only to receive in return an exhaustive application form, does not bear thinking about. Also, if a recruiter summarised curricula vitae or whatever, it is only fair to make it clear from the beginning. The Jobs Column itself has been deficient in this respect in the past. I will try to see that it is not any more.

A third clause, I think, would be that when asking for written information, the recruiter has a duty to make clear its relevance to the job at issue. The target here is not only the generally impatient questions such as "If you suddenly came into a lot of money, what would you do with it?" but also the more common stark requests for details of the candidate's religion or medical history. The I have suggested are not the best comment I have received on these came before the recent covering by a candidates' charter. So if readers think the idea of developing one is useful, and have other constructive suggestions to make, I would be glad to learn of them.

# ACCOUNTANCY APPOINTMENTS

City **C&L** c. £10,000

## FINANCIAL CONTROLLER

One of the largest, well managed and highly profitable insurance broking groups in the world, which has expanded dynamically in recent years, requires a Financial Controller.

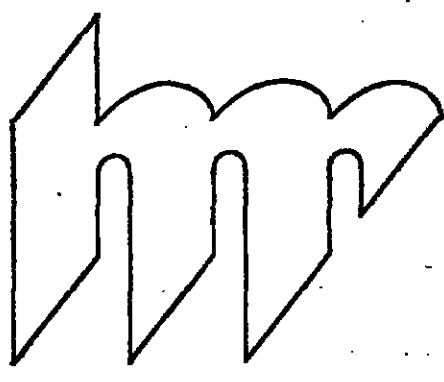
Reporting to the Financial Director, the person appointed to this new post will be responsible for both financial and management accounting functions. The scope of this position is wider than these responsibilities suggest and the job can be as big as the person appointed wishes to make it. Certainly he or she will become involved in a wide range of financial, personal and overseas matters and for an ambitious person the opportunities for breaking new ground and developing commercial and general management skills are considerable.

Candidates aged around 30 must be Chartered Accountants, preferably graduates who have had post-qualifying experience with a leading firm. More recent experience in perhaps management consultancy or the financial sector could be particularly helpful. Personal qualities of a high order are required and candidates must have the maturity and personality to gain ready acceptance at all levels.

Remuneration is negotiable around £10,000. Excellent fringe benefits add substantially to the total package.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to:

E. J. Robins, The Executive Selection Division — MP78L, Coopers & Lybrand Associates Ltd., Management Consultants, Shelleys House, Noble Street, London, EC2V 1DQ.



Our client is a large established, multi-million pound Middle Eastern banking and corporate finance company.

It is opening, as part of its continual expansion, executive offices in London.

The company is concerned with all areas of regional and international investments, money-market activities and the development and finance of industrial, touristic and real estate projects, both for their own account and for their clients.

Involved initially with investment in the United Kingdom, Europe, U.S.A. and subsequently the Far East, they require a group of experienced, high-calibre personnel to form the nucleus of their UK-based organisation.

This is an opportunity to join a group with considerable potential for development and to progress within it.

**Corporate Finance Manager £13000 p.a.**

A specialist in the field of corporate finance. With 10-15 years' experience, preferably with an international background.

The position entails supervision of all aspects of corporate finance for the London-based group, with direct responsibility to the Chairman and Managing Director of this exciting new company.

**Banking Manager £13000 p.a.**

To be directly responsible to the Chairman and Managing Director for all phases of accounting within the company. Also, all functions, as company secretary, involved with the running and administration of the organisation in the UK.

Relevant qualifications will be needed and experience in merchant banking or related finance fields would be helpful.

**Accountant/Company Secretary £8500 p.a.**

Applicants will need between 10-15 years' experience in international banking as the position requires the direction of all banking functions for the UK group.

Responsibility will be directly to the Chairman and Managing Director, and fluent French is essential in this new and challenging position.

**Financial Analysts £8000 p.a. each**

The group also requires two Financial Analysts, with at least 3 years' experience, to assist the Corporate Finance and Banking Managers. (Applicants for the position with the Banking Manager, must speak fluent French.)

Working closely with and reporting directly to their individual managers, the successful candidates will be involved in all financial analyses concerned with the groups' corporate finance, investment and banking activities.

Reply in strictest confidence, giving full details to:—

**HILLS MOORE RECRUITMENT LIMITED**  
107 PARK STREET, MAYFAIR, LONDON, W1Y 3TA

## Hong Kong Mass Transit Railway Corporation

The Mass Transit Railway Corporation has been established to construct and operate an underground railway system in Hong Kong. Construction work on the modified initial system of 15.8 km is well underway and it is envisaged that it will be fully operational early in 1980. With the modified initial system having been successfully launched, consideration is being given to the development of the Metro including planning and evaluation of extensions.

Candidates, who should preferably be under 40 years of age, will probably hold an Economics degree or professional qualification and will be well acquainted with capital markets and sources of finance for large projects. The successful candidate is likely to have spent several years in a merchant or investment bank or the international department of a commercial bank.

Commencing salary will be negotiable and attractive in recognition of the significance of the task. Additionally, a 25% gratuity will be paid together with excellent fringe benefits including accommodation, medical, education allowances, 42 days home leave for each year of service and passages. Tax in Hong Kong is currently 15% maximum.

Applications giving relevant details and contact telephone number and quoting the reference on the envelope should be addressed to:

Mr. A. M. J. Wright, Hong Kong Mass Transit Railway Appointments Office, 25 Victoria Street (South Block), London SW1H 0EX.

**Treasurer**

Ref: 1035

The Corporation is seeking a Treasurer whose prime function will be to arrange finance to lengthen the debt period for the construction of the modified initial system and to arrange export credit and market finance for any extensions. He will also be required to advise on investment for foreign exchange and will be involved in cash flow forecasting.

## GROUP FINANCIAL DIRECTOR

Amman, Jordan  
£25/30,000

An International Group based in Amman, Jordan, engaged in major development and construction projects throughout the Middle East and elsewhere in the world, has reviewed its Management Organisation and decided to appoint a Financial Director to advise the Chairman on Finance, Accounting and Taxation. Responsibilities will include development and operation of sophisticated financial planning and control systems with special reference to package deals, the management of the finances of the member Companies of the Group, all aspects of group taxation, project evaluation and adherence throughout the Group to agreed accounting principles.

The specification calls for a CA/CPA qualification backed by a business degree, experience at senior management level of international finance, the construction industry and preferably of the Middle East. Age, probably around 40.

The substantial salary will be enhanced by conditions of employment commensurate with the status of the job.

Applications accompanied by curriculum vitae should be addressed in strictest confidence to Box A.5890, Financial Times, 10, Cannon Street, EC4P 4BY. Early interviews will be arranged in London.

## Group Accountant International Banking

A major city based international banking group seeks to recruit a young, chartered accountant, ideally aged 27-30, with experience of banking and multi-national operations.

The successful applicant will join a small specialist team, reporting directly to the Group Chief Accountant, responsible for the Group's accounts, establishment and co-ordination of accounting policies and tax planning. It is also involved in corporate financial planning, strategy and development.

An attractive basic salary, together with substantial ancillary benefits, will be offered and excellent future prospects are envisaged.

Write, giving relevant personal data and career history to:

The Personnel Manager, Standard Chartered Bank Limited, 20 Clements Lane, London, EC6N 7AP.

**Standard Chartered BANK LIMITED**

## ACCOUNTANT Pensions Office: York

Applicants should be qualified accountants (aged at least 37) with some experience of work with computer based systems and previous responsibility for controlling staff.

We were pioneers in providing pensions for our employees and our existing Pension Fund has over 70 years' experience behind it. We now seek an office manager for the busy Group Pensions Office whose main duties will be the preparation of accounts and the administration of the office dealing with the payment of pensions and systems covering all aspects of members' benefits. There will be frequent personal contact with present and future pensioners whose problems and enquiries call for sympathetic and practical handling.

The post is at our company headquarters in York, where the price of houses is still reasonable; schools, both ancient and modern, are first-class; and access to other towns and cities, as well as to coast and countryside, is swift and easy.

The salary to be offered will be competitive and in line with market rates; both it and conditions generally will be discussed at interview.

Please apply, quoting ref. B.A.01, to W.A. Evers, Staff Office, Rowntree Mackintosh Ltd., York YO1 1XY.

**Rowntree Mackintosh**

## Tax Adviser

c. £8,000 + car - Central London

Rank Xerox require an experienced Tax Adviser to join their Group Taxation Department.

The person appointed, male or female, will form part of a team providing advice on all UK and Overseas taxation matters to the Group worldwide. The job will involve a considerable amount of in depth research into taxation problems. Some overseas travel will be necessary.

A thorough knowledge of UK tax legislation is of prime importance. A knowledge of Overseas taxation would be useful but not essential.

Candidates, probably aged around 30, are likely to possess a relevant degree/ accountancy qualification or equivalent professional qualification and must have several years experience in UK taxation.

Apply to Mrs. P. M. Wood, Recruitment Manager, Rank Xerox House, 338 Euston Road, London N.W.1, Tel: 01-387 1244 Ext. 2530.

**RANK XEROX**

International company located in Brussels looking for **EXPERIENCED CHIEF ACCOUNTANT/INTERNAL AUDITOR** budget and control. Experience in financing and computer accounting. Fluent in French and English. Please give references. Immediate availability an advantage.

**INTERESTING SALARY** commensurate with experience/qualifications.

Please send cv. to Mrs. Dams, Bette 6, Avenue des Arts 44, 1040 Brussels - Belgium

Handwritten signature or mark.



## Opportunities for Chartered Accountants in merchant banking

County Bank provides a service to industry and commerce both in the UK and overseas by the provision of finance, corporate advice and investment management.

As a result of increasing demand for our services we require three young Chartered Accountants, to join teams of professional executives working in our Finance Division. This Division specialises in medium-term loan facilities in amounts ranging from £100,000 to several millions in sterling and certain other currencies and provides equity capital to listed and private companies.

The successful candidates, men or women, will probably be under 27 and certainly have the potential to deal with top management. Salary will be negotiable within a competitive remuneration package.

Apply in writing (with curriculum vitae) to:  
David Woodward, Personnel Manager,  
County Bank Limited,  
11 Old Broad Street, London EC2N 1BB.

## County Bank

A member of the National Westminster Bank Group

## Chartered Accountants

One Chief (c. £8,000) One Brave (c. £5,000)

It will take a very professional and experienced approach to maintain and develop the high accounting standards set by company headquarters. In this case the manufacturing subsidiaries throughout the UK are reporting regularly and in detail. The company, part of a major UK public group, has around £200m. world-wide turnover, and needs a Chief Accountant for the UK.

This position arises from a series of promotional and organisational moves and reports directly to the head of UK finance. It is responsible for the overall financial, management and statutory accounting, cash planning and control, and strategic financial planning for the UK operating companies. The Chief Accountant's office has its own accounting team, but also links closely with the manufacturing units' accountants, co-ordinating their activities to achieve short and long term financial objectives.

Applications are invited from CA's in their early to mid-30's. Several years' experience of working in a major manufacturing concern is essential, and knowledge of introducing a total on-line information system with multi locations would be helpful. Candidates must have the personal authority and diplomacy to deputise for the head of finance, combined with practical problem-solving ability when working through colleagues at factory level.

The scope of the job provides an excellent opportunity to acquire comprehensive knowledge of the company's activities, and influence its long term plans. There are positive promotion prospects. The position is Midlands based, and carries a salary of around £7,500 plus bonus, and the usual company benefits apply. Ref: G34/FT.

The company also has an opening for a younger accountant, preferably chartered, to work on taxation, investment appraisal and a variety of ad-hoc projects. Salary offered is around £5,000. Ref: G35/FT.

Candidates should send a detailed career history to the consultant advising on these positions, quoting the appropriate reference.

JWT Recruitment Ltd  
40 Berkeley Square, London W1X 6AD

**JWT RECRUITMENT LTD**  
EXECUTIVE RECRUITMENT & SELECTION CONSULTANTS

## Financial Controller

for a profitable, growing subsidiary of a major national retailer, located in North West London. Current turnover is around £15m.

Reporting to the Financial Director and assisted by a small staff including 3 qualified accountants, the successful candidate will be responsible for management information, monthly management accounts, budgets, stock and margin data, capital expenditure appraisal and control, cash forecasting and ad hoc investigations.

Candidates should be qualified accountants, aged 30 to 40, with 5 years' post qualification experience, ideally including retailing. The ability to work effectively with all levels of operational managements is essential.

Salary will attract those already earning over £6,000 p.a. Rewards, compatible with responsibility, include Company Car, Pension, BUPA discounts, staff purchase concessions and assistance with re-location expenses where applicable.

Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Ref: B.1475.

This appointment is open to men and women.

**ASL CONFIDENTIAL RECRUITMENT**  
17 STRATTON STREET LONDON W1X 6DB  
A member of MSL Group International

## PETROLEUM INDUSTRY TRAINING BOARD CHARTERED ACCOUNTANT

for appointment as  
**Deputy Secretary**  
about £7,000 to £8,664

Reporting to the Board Secretary, the holder of this new appointment will be responsible for the accounting function, for certain personnel duties and for some statistical work. There will be opportunities to move into other administrative areas.

Pensionable under ITB Pension Fund with additional life and accident insurance.

Location: Wembley.

Applications, quoting age, qualification and, at this stage, only brief details of commercial or industrial experience to:

The Secretary,  
PETROLEUM INDUSTRY TRAINING BOARD  
York House, Empire Way, Wembley, Middlesex HA9 0PT.

Accountancy Appointments appear every Thursday  
further details contact James Jarratt on 01-248 8000 ext. 539.

## Overseas Accounting Controller

26-40 £7,000-£9,500

British public company, providing drilling and other services to the oil industry on an international scale, seeks an Overseas Accounting Controller. As a key member of its central financial executive based in London the successful candidate will have responsibility for accounting and finance in the on-site locations overseas. This will involve extensive travel. Candidates, aged 26-40, will be qualified accountants with at least three years' senior accounting experience in industry. Technical ability, self-reliance and judgement are essential qualities, as is the ability to become fluent in French. Salary negotiable between £7,000 and £9,500 plus exceptional benefits. Prospects are excellent in a Group with exciting growth potential.

Male or female applicants should write to W. T. Agar at John Curtis & Partners Ltd., Executive Selection Consultants, 78 Wigmore Street, London W1H 9DQ, indicating briefly their relevance and quoting reference 2005/FT.

## JO&P

## ASSISTANT TO THE GROUP TREASURER

Tate and Lyle is an International Company with a turnover in excess of £1,000 million, engaged in a very wide range of operations including sugar refining, sugar production, trading and handling commodities, shipping, transport and distribution.

The Group Finance Department, located in the City, requires an Assistant to the Group Treasurer. Candidates, aged 30-40, must be numerate with good administrative ability, knowledge of money markets, banking, accounting procedures and Bank of England Regulations. Preference will be given to applicants with banking or business studies qualifications.

The successful applicant would manage the support service to sterling and currency operations, consolidate Group cash returns and statistics, and improve and expand existing information systems.

Starting salary is negotiable c. £5,000 plus bonus, non-contributory pension and generous fringe benefits.

Please write or telephone for application form to:



Mrs J. M. Mathias,  
Tate and Lyle Limited,  
21 Mincing Lane,  
London EC3R 7DQ,  
Tel: 01-626 6525

## CHIEF ACCOUNTANT SWANSEA

Aluminium Wire & Cable Co. Ltd., has recently been reorganised into four main divisions. The total company turnover is around £15m and the Wire Division now has a vacancy for Chief Accountant reporting directly to the Director and General Manager of that Division.

The person appointed will be responsible for all aspects of financial and management accounting for the division through an established accounts staff. Consequently, he or she will need to be experienced enough to make immediate decisions and capable of accepting the additional responsibility which the planned expansion of the divisions sales will involve. It is likely therefore that the successful candidate will be over 35 years old, fully qualified, currently earning approximately £5,500 per annum and seeking a substantial increase in salary. The terms of employment, pension and other fringe benefits are appropriate to a successful subsidiary of the T.I. Group of Companies.

Applications should be made directly to:  
Mr. R. W. Davies  
Staff Manager

**AWCO ALUMINIUM WIRE & CABLE CO. LTD.**  
PORT TENNANT SWANSEA

## FINANCIAL ANALYSIS

S.W. London around £8,000

A major multinational group, manufacturing and marketing capital goods, requires a senior financial analyst in its corporate HQ, to lead a small team analysing and reporting on the performance of the marketing divisions. The job holder will need to innovate in the areas of planning and performance reporting, developing new systems to cope with the rapidly changing company environment. Candidates should be qualified accountants, ideally aged 26-32, with relevant analytical/management accounting experience in a sophisticated industrial or commercial environment. As well as being able to make an immediate impact, the job holder can anticipate excellent career opportunities in finance within the group.

For a fuller job description, candidates should write to John Curtis & Partners Ltd., Executive Selection Consultants, 78 Wigmore Street, London W1H 9DQ, indicating their relevance briefly but explicitly and quoting reference 782/FT.

## JO&P

Are you a Small/Medium Sized Company looking for Accountants?

We offer a fast professional personal recruitment service. We will first call to see you to ascertain your requirements and then present a relevant shortlist of candidates. If you would like to arrange a preliminary discussion

Please phone:  
RICHARD RADCLIFFE  
ON 01-493 6456

Adpower Staff Consultants Accountancy Division

## Financial Manager

Greece c. £8,500

Johnson and Johnson, world leaders in the manufacture and marketing of well-known health-care products, are seeking an experienced male or female qualified accountant to set up a financial accounting function in their expanding Athens manufacturing company.

You will ensure the efficient flow of financial services, review and improve various costing systems and prepare monthly accounts and financial reports. You will also advise the Managing Director on any other necessary financial matters that might be required. Probably aged around the mid 30's, you

should have had working experience in an international subsidiary of a large company and have controlled both financial and management accounting functions. Fluency in Greek is essential, so it is highly likely to appeal to a Greek national who has the understanding of Greek commercial tax laws.

Salary will be negotiable around £8,500 according to experience.

To find out more about this senior position telephone Mr. J. McAllister on Slough (75) 31234 or write to him at Johnson & Johnson Ltd., 260 Bath Road, Slough, Berks. SL1 4EA.

Johnson & Johnson

## FINANCIAL ANALYST

Treasurer's Department

Outstanding young qualified accountant, male or female, required for new appointment in Group Treasurer's department in London.

Preferably a graduate, you will need several years' experience, since qualifying, of cash flow planning or foreign exchange reporting in an international company.

You will be expected to analyse the forecasts of the group's operating requirements and to recommend proposals for optimising the group's worldwide financial management.

If you have a real interest in financial matters, a flair for clarity of expression and a determination to succeed, please telephone or write to: Robert Happer, Group Treasurer, Finance Department, Fisons Ltd., Crossvevor Street, London SW1X 0AH.  
Tel: 01-263 1611.



## GENERAL APPOINTMENTS

## Adviser to the Chief Executive

The company is part of an international group; has a turnover of approximately £100m, and a sound record of profitability. Sophisticated computer based management control systems are in operation in the various divisions but the company, looking to the future, wishes to undertake a comprehensive review of the underlying systems seeking to streamline and improve their effectiveness. Working closely with the Chief Executive the successful candidate would initially need to allocate 2 to 3 days per week to this assignment.

Candidates, ideally in their 50's, must be able to demonstrate a record of success in business at top level combined with earlier relevant systems experience in a large scale industrial organisation.

Fees will be negotiated pro rata on the basis of an annual salary of about £20,000 p.a. Location South Coast.

Please write - in confidence - to J. M. Ward ref. B.41302.

This appointment is open to men and women.

**MSL Management Consultants**

Management Selection Limited  
17 Stratton Street London W1X 6DB

## Financial Analyst c. £7,000 plus car

The Charterhouse Group Limited comprises merchant banking, development and venture capital, insurance, distribution and industrial interests.

One of a team of three accountants reporting to the Group Financial Controller, the role has special responsibilities for financial matters related to subsidiary companies, reviewing performance, plans, budgets, investments and disposals, and for special projects and investigations. Based in London, occasional travel.

Candidates ideally will have an accounting qualification and/or MBA, and about 4 years' post qualification experience.

Remuneration negotiable around £7,000 plus car and appropriate other benefits. Please send details in the first instance to R. W. H. Lubbock, Group Personnel Controller, The Charterhouse Group Limited, 1 Paternoster Row, St. Paul's, London EC4M 7DH.

**CHARTERHOUSE**

## BANKING OPPORTUNITIES IN WALES

Due to expansion, vacancies now arise in a growing and well established banking organisation.

There are a number of openings of Appointed (Non-Managerial) status for young bankers who are able to apply themselves to Advances work at Branch or Head Office level.

Considerable scope is offered to those who are forward thinking and wish to accelerate their career prospects for advancement at an early age.

Excellent salary structure and fringe benefits, which include Staff House Purchase facilities on preferential terms.

Apply in confidence giving particulars of experience and career to date to:-

Mr. I. Jones,  
Recruitment Division,  
Creighton Griffiths Roys Ltd.,  
30, Cathedral Road, Cardiff.

GENERAL

APPOINTMENTS

ARE CONTINUED

ON THE FOLLOWING

PAGES



# GENERAL APPOINTMENTS

## Commercial Banker

City £10,000

Prominent International Bank

Our Client, an active International bank with an expanding operation in the City of London, requires a senior banker to assist in the development of its commercial banking activity.

Candidates, ideally graduates in their early/mid 30's, should have good commercial banking experience preferably acquired with a British Merchant Bank, and must combine sound judgement with the ability to communicate effectively with people.

This is a most attractive position and an opportunity for career development with an international bank of the highest standing.

Contact Norman Philpot in absolute confidence on 01-405 3499

## Lloyd Executive

Brownlow House, 50, 51 High Holborn, London WC1V 5ER. Tel: 01-405 3499



## RPMartin & Co Limited

Owing to expansion we are looking for experienced London Dollar Certificate of Deposit Dealers

Write in confidence to

The Secretary,  
R. P. Martin & Company Ltd.,  
36-40 Coleman Street,  
London, EC2R 5AN.

## Senior Banking Officers Chase Manhattan Bank NA

Chase Manhattan has been long established as one of the most successful international banks operating in London. We are now recruiting a select few ambitious young professionals with previous banking experience to join Chase in London as Senior Lending Officers.

If you thrive in a competitive environment and would welcome the marketing challenge of negotiating with senior financial management this is an excellent opportunity to achieve your full career potential. You will be managing banking relationships with a wide range of national and international organisations.

Probably 25/35 and a graduate, you should have a good knowledge of commercial banking gained with a merchant, foreign or clearing bank. You would already be well acquainted with both the Sterling and Euro-currency markets. A corporate finance/bank lending background is highly desirable and your experience would include credit analysis and negotiating at a senior level.

An attractive salary will match your ability and potential and will be supplemented by a substantial range of fringe benefits.

Applicants, male or female, please write with full career details and present salary details to: Mr. Peter G. Newman, Chase Manhattan Bank NA, 1 Mount Street, Berkeley Square, London W1.

**CHASE**

## CJA

RECRUITMENT CONSULTANTS

35 New Broad Street, London EC2M 1NH  
Tel: 01-588 3588 or 01-588 3576  
Telex No. 887374

A demanding appointment—opportunity to advance to position of Group Personnel Director in 24-36 months

## ASSISTANT TO INTERNATIONAL GROUP PERSONNEL DIRECTOR

LONDON

£9,500 — £12,500 + CAR

MAJOR INTERNATIONAL TRADING ORGANISATION — T/O IN EXCESS OF £800 MILLION

Applications are invited from candidates aged 38-45 who have acquired at least 7 years' practical experience in working in a senior management position in an international organisation, with at least 3 years' overseas experience, who are fully conversant with business and personnel matters at Government or equivalent level overseas. Initial responsibilities will include the development and implementation of policy relating to training and succession planning of senior management personnel in overseas companies and the total co-ordination of all overseas personnel. Up to 30% overseas travel will be necessary, reducing to 10%-20% as responsibilities in the U.K. increase. The special qualities necessary in this position are a personality that fits in at the highest level and the combination of strength of character and humility. Initial salary negotiable £9,500-£12,500 — car, contributory pension, free life assurance, free BUPA, plus assistance with removal expenses if necessary. Applications in strict confidence, under reference APD3773/FT, to the Managing Director.

An exciting and demanding appointment—scope to move to a senior Divisional executive position in 18-24 months

LONDON

## PERSONAL ASSISTANT TO CHAIRMAN

£6,500 — £8,750

MAJOR NATIONAL FINANCING GROUP WITH LARGE INDUSTRIAL HOLDINGS

We invite applications from candidates aged 27-32, with either a good University honours degree or Chartered Accountancy qualification, who are able to draw meaningful management and financial conclusions from balance sheets, trading results and other accounting data and possibly have worked as a P.A. to a Chief Executive in either a financial institution or major commercial or industrial organisation utilising the highest standards. Responsibilities will involve assisting the Chairman in carrying out his duties, a wide range of activities covering the interpretation of investment proposals, preparing briefs for meetings, dealing with routine correspondence for the Chairman and arranging his forward programme, etc. The personal qualities of presence, tenacity, tact and the capability of lucid expression both in writing and orally are each important. Initial salary negotiable £6,500-£8,750 — contributory pension, free life assurance, assistance with removal expenses if necessary. Applications in strict confidence, under reference PAC3772/FT, to the Managing Director.

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED, 35 NEW BROAD STREET, LONDON, EC2M 1NH. TEL: 01-588 3588 or 01-588 3576. TELEX: 887374

Opportunity to assist in day-to-day control of the expanding Banking Department

CITY

## BANKING ASSISTANT—STOCKBROKING

£3,500 — £4,000 + BONUS

MEDIUM SIZED FIRM OF STOCKBROKERS

Applications are invited from candidates aged 20-26, male or female, who have a thorough knowledge of stockbroking procedures, with at least 2 years' experience of working in a broker's banking department or as a partner's assistant involved in the management of private clients' portfolios. Reporting to the Manager of the Banking Department, the successful candidate will be responsible for the provision of accurate and speedy investment advice to banks' varied customers. He will be of sufficient calibre to be able to assist in the expansion of the department. Essential qualities include the ability to communicate effectively and concisely both orally and in writing, and to work well under pressure. Initial salary negotiable, £3,500-£4,000 + bonus + group BUPA + LVs + Season ticket loan scheme + assistance with removal expenses if necessary. Applications in strict confidence under reference BAS166/FT, to the Managing Director.

ADMINISTRATIVE & CLERICAL PERSONNEL LIMITED, 35 NEW BROAD STREET, LONDON, EC2M 1NH. TEL: 01-588 3588 or 01-588 3576. TELEX: 887374

## Greater London Council

### Director of Supplies

The GLC's Supplies Department is organised as a trading concern on commercial lines with a turnover of over £100m. It supplies goods and equipment to the Council's departments, the Inner London Education Authority, many other authorities in Greater London including the London Boroughs, and the County of Buckinghamshire.

The Department has considerable responsibilities in the field of motor transport (including maintenance and repair) and provides reprographic, catering and other support services to central offices.

The Director is responsible for the management of the Department and the post provides a challenging opportunity for a man or woman with wide managerial experience and appropriate qualifications. Some experience in the public sector would be valuable, but is not essential.

Starting salary, including London Weighting, is normally £13,735 in a range to £15,208.

Application form, returnable by 31 April, and full particulars from The Director-General, IDC/GP/SA 1, Room, 300 The County Hall, London SE1 7PB. Tel: 01-693 4565.

## INTERNATIONAL AREA MANAGER

Excellent management opportunity in our rapidly growing International Department for a seasoned banker ready to assume full responsibility for our European and West African activities. The position, based in Providence, is accountable for our expansion in this priority market — including supervision of our representative office and continued development of our investment programme. Ideal qualifications include 7 to 10 years banking experience, at least 4 of it in international circles; fluency in French; outstanding credit/lending skills.

We use a major New England regional bank, \$1.7 billion assets, in a location with an ideal working and living environment. Our benefits and compensation package is very attractive. If your qualifications match our needs, send your complete resume with salary history to K. R. Gale.



INDUSTRIAL NATIONAL BANK  
111 Westminster Street,  
Providence, Rhode Island 02903

## PARSONS & COMPANY

### Investment Analyst

We require an Investment Analyst with some experience to assist in servicing our growing institutional business.

Our research effort is at present based on a strong Company brokerage connection and a sound general background is desirable though specialists in the Distillery, Engineering or Textile sectors would be considered.

Salary according to experience. Attractive working conditions.

Reply to:—

J. T. W. Gray, Esq., Messrs. Parsons & Co.,  
109 West Nile Street, Glasgow G1 2QU.

## COMMODITIES

### TECHNICAL ANALYST

25-34 with at least one year's experience of charting all commodities and the ability to form opinions for expansion/contraction of markets.

### METALS TRADER

25-35 with one to three years' experience in the metals field of well-known commodity house.

### SUGAR RESEARCHER

25-35 with thorough appreciation of all factors affecting price trends, the fair to work alongside specialist traders and the ability to produce long-term forecasts.

Stephens Selection  
25 Doves Street, London W1K 3EA  
01-489 0817  
Recruitment Consultants

## Administration

Competent Man or Woman required for MANAGERIAL DUTIES in Head Office of Expanding London based Direct Mail Company

Applicants should be 25-35, have leadership potential, be tactically minded with ability to control staff and work on own initiative under pressure. The appointment should appeal to persons with experience of TV, radio, insurance organisations, Mail Order or similar companies where large volumes of customer accounts are involved. Usual company benefits plus annual bonus. Commencing salary dependent upon experience. Please write with fullest details of experience to date stating current salary to Box A-5893, Financial Times, 10 Cannon Street, EC4A 3DF.

## GENERAL ACCIDENT

have three vacancies for

### INVESTMENT ANALYSTS

at their Head Office Investment Department in Perth

#### Two Senior Analysts

Successful applicants will have experience of investment analysis and securities markets, and have a professional qualification or relevant degree. The ability to communicate easily both verbally and in writing is essential. A knowledge of the provisions of the Trustee Investments Act 1961 is essential for one of the senior positions, to be filled. Age group 35-35.

#### Assistant Analyst

The successful applicant will preferably have some experience/knowledge of economics and financial analysis. The ability to communicate easily both verbally and in writing is essential. Preference will be given to persons at present studying for an appropriate qualification.

The salary structure for these positions is geared to present day pressures. Fringe benefits are as good as one would expect from one of Scotland's largest insurance organisations with built-in pension and sickness schemes and house purchase facilities.

Please write, in first instance, giving brief details of career and qualifications to:

HEAD OFFICE MANAGER,  
GENERAL ACCIDENT,  
GENERAL BUILDINGS, PERTH PH1 5TP



International company located in Brussels looking for EXPERIENCED HEAD OF EUROPEAN SALES DEPT.

Candidate should be experienced in fertilizer and agri-chemicals business, raw materials for fertilizer industry, and main European markets. English/French essential. Dutch and German an asset. Immediate availability an advantage. Would operate from Brussels and must be prepared to travel to main European markets.

#### INTERESTING SALARY

commensurate with experience/qualifications. Please send c.v. to Mrs. Deze, Belle & Avenue des Arts 44, 1000 Brussels - Belgium

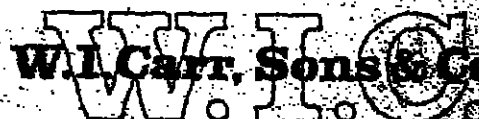
## W. L. CARR, SONS & CO

### INVESTMENT ANALYSIS

In LONDON we are expanding rapidly and are seeking investment analysts to support this growth. We require experienced people who have already built up an reputation as specialists in a major market sector. Qualifications will be an advantage, but past success achievements together with the demonstration of a desire for personal progress are more important. Existing contacts with local clients will also be taken into account. We are top class people and the remuneration of the successful applicants will reflect this.

In HONG KONG, we need a younger person with analytical experience to reinforce the research office applicant, who ideally would be aged 22-25 years and must be prepared to spend 2/3 years in Hong Kong on an initial training period in London.

Applications should be addressed to: Mr. F. J. Gates, W. L. Carr, Sons & Co., Ocean House, 10-12 Little Trinity Lane, London EC4P 4LB.



## financial journalists

The Investors Chronicle is looking for an experienced financial journalist of proven ability; first, as a writer; second, as an originator of ideas. Experience in guiding junior journalists and dealing with their copy would be an advantage.

Write, marking envelope confidential, to Michael Brett, Investors Chronicle, 30 Finsbury Square, London EC2A 1PB.



## YOUNG FINANCIAL ANALYST

We are looking for a young City Company which plays a key role in the formulation and development of financial advice on company investments with particular reference to the UK and carry out related financial projects. The post will be of particular interest to an Economics Graduate with qualifications, with about one year's experience in City bank/finance area of a commercial environment. Career prospects are excellent. Job benefits include a pension scheme, staff loans, 22 days holiday, 4 weeks' holiday. Applicants (male or female) should write or telephone in strict confidence to DOUGLAS ATKINS, DEPT. WELL STAFF SEARCH, 55-55 Baker Street, London W1M 1DL. Tel: 01-487

Handwritten signature in Arabic script.







HOME NEWS

Gloomy prediction for shipbuilders

BY ROY ROGERS

A GLOOMY view of the next few years facing shipbuilders, both at home and abroad, with new orders falling to record lows...

Affected

In his view the recent high level of shipbuilding has so far reduced the age of the world fleet that it is now unrealistic to expect further substantial investment by the shipping industry...

Macfisheries plans new superstores

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

UNILEVER'S supermarket chain, Macfisheries, is to join the ranks of the other big supermarket groups looking for sites suitable for superstores...

Richardson to visit U.S.

MR. GORDON RICHARDSON, the Governor of the Bank of England, is paying his first visit to the U.S. for some 18 months this week-end...

SNP seeks oil royalties

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SCOTTISH National Party said yesterday that royalties on North Sea oil would provide the most "attractive" way of financing the Scottish Assembly...

OPINION POLL ON NUCLEAR ELECTRICITY

Majority want more power stations built

BY DAVID FISLOCK, SCIENCE EDITOR

SUBSTANTIALLY more people favour the construction of additional nuclear power stations in Britain than oppose it, according to a national opinion survey published today...

Approval for synthetic tobacco expected to-day

BY STUART ALEXANDER

THE DECISIONS of the Hunter Committee on the use of substitutes and flavour additives in cigarettes are expected to be announced by Mr. David Ennals, Secretary for Health and Social Services, to-day...

Brewers' profits too high CAMRA claims

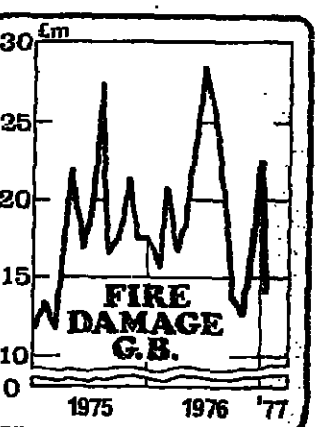
BEER PRICES are as high as they are because the big brewers are inefficient, the Campaign for Real Ale (CAMRA) claims in a submission to the Price Commission...

Cost of fire damage declines

FIRE damage in February fell more than £8m, compared with a month before to £14.1m, according to estimates yesterday from the British Insurance Association...

Shipowners attack EEC restriction

THE TREATMENT of U.K. coasting and shore-sea shipowners in the Common Market is criticised today by the North of England Shipowners Association...



but the figure this year was £1.5m, below that for February, 1976, when damage totalled £13.5m

WHAT THE SURVEY SAYS

Table with 2 main sections: 'Table 1: In general, do you favour or oppose the building of more nuclear power stations in Britain to produce electricity?' and 'Table 2: Whose opinions would you trust most on the safety of nuclear power stations?'. Includes columns for gender, age groups, and various opinion categories.

LABOUR NEWS

NEWS ANALYSIS - PORT TALBOT

Differentials aga

BY DAVID CHURCHILL, LABOUR STAFF

THE BITTER irony of yesterday's decision by British Steel to start shutting down its massive Port Talbot plant in South Wales because of an electricity strike is that it comes only two weeks after the Government gave the go-ahead to a life-saving investment of £355m. capital investment...

Food and linen not for nurses

BY OUR LABOUR STAFF

SUPPLIES of food and linen which have been allowed through picket lines at five Surrey hospitals must not go to medical and nursing staff, Transport and General Workers' Union shop stewards said yesterday...

More people are using new job centres

BY OUR LABOUR STAFF

JOBCENTRES are attracting more people who are unwilling to use the public employment service because of their bad sitting and queueing image, according to a Manpower Services Commission report published today...

Post Office cutbacks assurance by Varley

THE DEPARTMENT of Industry told senior officials from the Electrical and Plumbers' Trades' Union yesterday that it was urgently considering ways of saving jobs in the telecommunications industry threatened by the cut-back in orders from the Post Office...

Court bars camp sit-in

SACKED workers who occupied Pontin's Central Beach holiday camp at Prestatyn, North Wales for four days, have moved out, Mr. Justice Foster was told in the High Court yesterday...

and operating a BSC immediate plans to close from last Tuesday impossibility of duetion But it later decision pending a strikers' mass day to see who accept the union return to work. worked overwhet out...

Stoppage

Port Talbot's major steel-plant with an output of 1.5 million tons of steel. About 700 jobs are at risk. The plant is being used by the steel industry as a steel from Port Talbot's stoppage...

Strike at high levels \$6 pa

BY OUR LABOUR

THE NUMBER of lost hours during the strike before the £9.1 introduced. A large proportion of the British Le: dispute. However strikes in pr February - 301 before the £9.1 introduced. The January 443,000 working also higher than 1976, which was strike free year...

Cammel men in dispute

BY OUR LABOUR

TALKS will take place today on the threat to the Laird's Birkenhead. The company has a decision on 1,000 workers at the completely shut another dispute. The dispute is arranged between the Boulton and the plumbers over a system in a ship yard...

Singer's bonus d

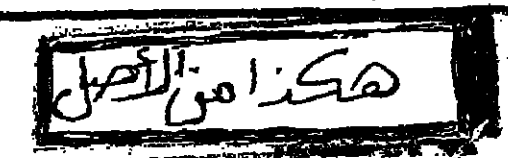
THE BONUS dis

Glynbank sewing factory was awarded a Shop stewards machine men driving to rule in his has accepted a 12-month term. Another of the recalled to-night.

Shiprep starts w

THE NEW

rebuilding comp Engineering, Monday work £70,000 for work. The company has first month. The over the year Stephens (Ship re-cuter the camp without con-

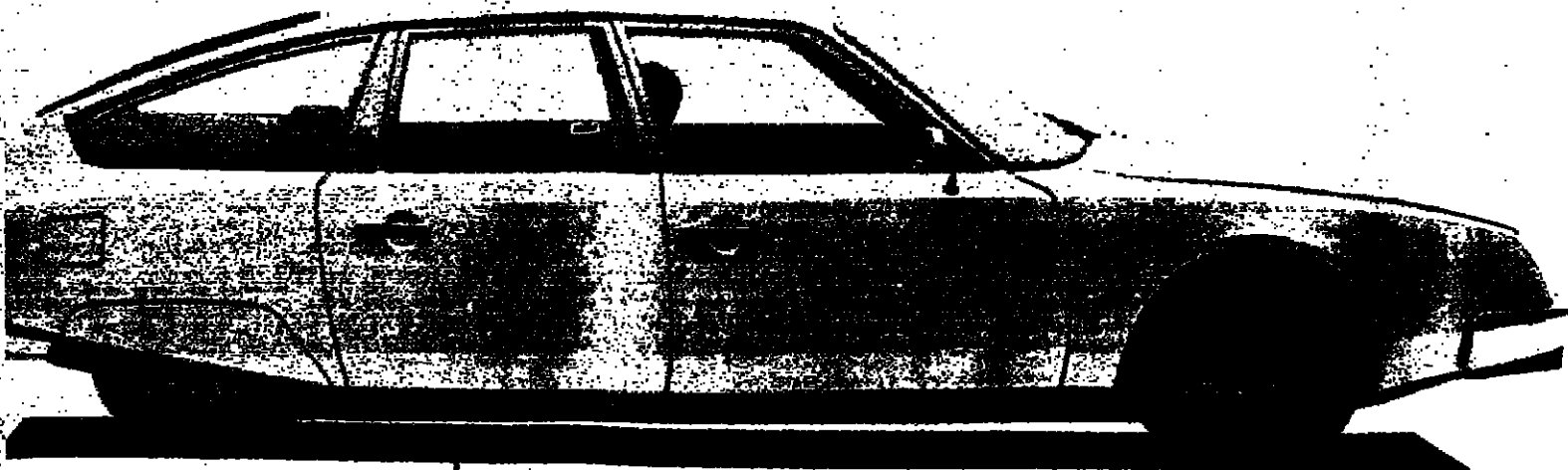




ANALYSIS - PORT TALK  
entials 20

JP K... 15/80

# CITROËN CX



THE COMPANY SECRETARY: CITROËN CX 2000. £4249.44



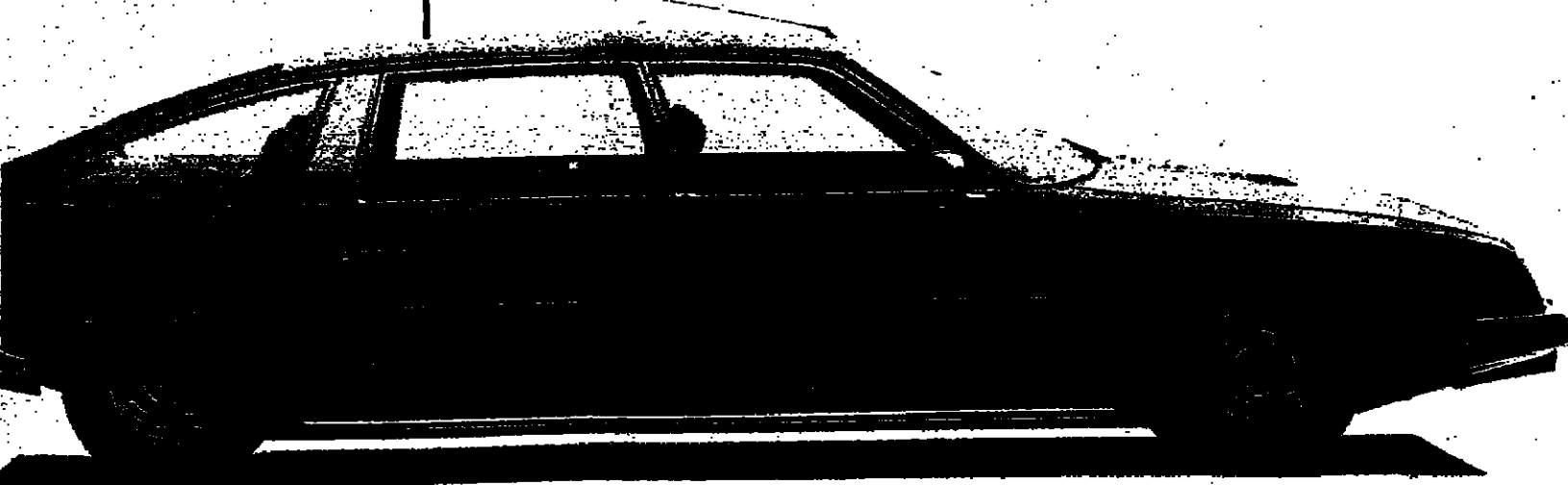
THE SALES DIRECTOR: CITROËN CX DIESEL. £4949.10\*



THE MARKETING DIRECTOR: CITROËN CX 2400 SAFARI ESTATE. £5150.34



THE MANAGING DIRECTOR: CITROËN CX PALLAS. £5235.75\*



THE CHAIRMAN: CITROËN CX PRESTIGE. £7400.25

Whilst the executives of monolithic corporations will undoubtedly continue to have fleets of uniformly characterless company cars imposed upon them, an opportunity exists for the principals of less bureaucratic organisations to make capital of size and project an individualistic image with a more inspired choice.

Few, if any, executive style production car lines today offer such scope with such a versatile selection of model variations as the Citroën CX range.

#### THE COMPANY SECRETARY: CITROËN CX 2000.

Value for money is the one factor that over-rides all else in the Citroën CX 2000.

For a relatively modest outlay its driver enjoys the refinements inherent in all CX models: reclining front seats with headrests, VariPower steering, quartz halogen headlamps, hazard warning lights, reversing lights, self-levelling hydropneumatic suspension, single arm windscreen wiper and electric screenwash, heated rear window, laminated windscreen, carpeted rear parcel shelf, and an array of warning lights on the futuristic instrument panel that even includes one for front brake pad wear.

(In return for a somewhat higher price, the Citroën CX 2400 offers rather more power and an even more luxurious finish that includes electrically operated front windows.)

#### THE SALES DIRECTOR: CITROËN CX DIESEL.

At a constant 55 mph the Citroën CX 2200 Diesel returns 44.83 mpg, a point that will be no small consideration for many motorists.

Another important feature which figures highly in making this dignified saloon attractive for drivers is summed up in the words of CAR magazine: "The CX isn't just a worthy addition to the diesel ranks, it's the quietest and smoothest diesel yet."

#### THE MARKETING DIRECTOR: CITROËN CX SAFARI ESTATE.

The Citroën CX 2400 Safari is a triumphant refusal by Citroën designers to accept that estate cars must appear like cumbersome hulks reminiscent of World War II army vehicles.

Elegant lines belie a rugged nature. A staggering weight load of more than half a ton can be accommodated in its mind-boggling interior capacity: 72 cu. ft. with the rear seat folded forward.

(For those who prefer diesel, the Citroën CX 2200 Safari is a faithful long-service workhorse.)

#### THE MANAGING DIRECTOR: CITROËN CX PALLAS.

Unabashed luxury is the overwhelming impression conveyed by the Citroën CX Pallas.

The front windows are electrically operated and rear passengers can enjoy the convenience of two reading lights. Extras available include air-conditioning, leather upholstery, tinted windows and C-matic transmission. C-matic eliminates the clutch pedal and transmission is achieved by use of a torque converter fluid coupling with automatic operation.

#### THE CHAIRMAN: CITROËN CX PRESTIGE.

C-matic is standard on the CX Prestige, Citroën's ultimate limousine. In length it measures 9<sup>3</sup>/<sub>8</sub>' more than other CX saloons and the rear doors are 7' wider.

Four stereophonic speakers, tinted windows and air-conditioning are standard. All window winders are electrically operated. Upholstered footrests are provided for the rear passengers and the rear window has translucent sunblinds.

# THE SYSTEM FOR ALLOCATING COMPANY CARS SHOULD GO BY THE BOARD.

\*Ltd, Mill Street, Slough SL2 5DE. Tel: Slough 23808. All Citroën cars have a 12 months guarantee. Please enquire about our Personal Export, H.M. Forces and Diplomatic schemes and Preferential Insurance and Finance schemes. Check the Yellow Pages for the name and address of your nearest dealer. Prices include car tax, VAT and seat belts but exclude number plates and delivery charges. \*Sunblind extra. Prices correct at time of going to press.





# Tories proceed with caution

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE TORIES gave a cautious response to the Budget in the Commons yesterday, with Sir Geoffrey Howe, shadow Chancellor, welcoming the modest improvement in tax thresholds, but pointing out that the Chancellor had not even begun to give back the money taken out of wage packets by the ravages of inflation.

Sir Geoffrey concentrated his criticisms on the size of the borrowing requirement, which he said was still much too high, with the Chancellor planning to borrow £8bn. this year and next. He thought this meant that Mr. Healey was anticipating a growth of money supply as high as 13 per cent, and that he was prepared to settle for an inflation rate only just inside single figures.

The new burdens heaped on the motorist by the Budget were strongly criticised by Sir Geoffrey. A better move, he suggested, would have been to have increased VAT to a 10 per cent flat rate, which would have been more fairly distributed over all classes of consumer.

Condemning the Chancellor's past record, he emphasised just how great a change had now taken place in Mr. Healey's economic thinking compared with 1974 when Labour was returned to power.

"I congratulate the Chancellor on his quite remarkable and unprecedented abandonment of every policy on which he and his party arrived

in office," he said. "The Labour Party's last two manifestos have now been assigned to the scrapheap."

Sir Geoffrey, in a speech which was livelier than his recent much-criticised performances, was opening the second day of the four-day Budget debate. It turned out to be a low-key affair, the main interest being provided by the verbal gymnastics of Sir John Pardo, the Liberal economic spokesman, in justifying his party's new affinity with the Government.

His task was not made easier by the reminder that Mr. David Steel, the Liberal leader, had roundly condemned last year's Budget for making tax concessions conditional on a pay agreement with the unions, a feat which Mr. Healey is now trying to repeat in the present Budget.

Last year, Mr. Steel condemned this device as "a constitutional outrage... an abdication of government."

But Sir Geoffrey also ran into difficulties on a similar point when he was challenged by Mr. Healey to say whether or not it was his party's policy to have a national pay agreement with the unions, and if he wanted to see the success of the present Phase Three negotiations with the TUC.

There were shouts of derision from the Labour benches when Sir Geoffrey replied: "On this issue,

there are and always will be, within both parties, differences of view and emphasis."

But Mr. Pardo was in no doubt where the Liberal Party stood on the present Budget. "It was, and is, a Budget of hope—I still think that. There is really little argument about the Budget judgment."

To the amusement of Tory MPs, however, he seemed to find it much more difficult in finding words to describe the personal merits of Mr. Healey.

"For all the Chancellor's manifold sins and weaknesses no one could say he is a worse Chancellor than Lord Barber was," he declared.

For the Government, Mr. Joel Barnett, Chief Secretary to the Treasury, contented himself with a quick exhortation through the main points of the Budget. This was interspersed by repeated challenges to the Tories to say whether they would have an incomes policy and, if so, what sort of pay increase they would like to see in the present negotiations.

According to Mr. Barnett, the leaders of the TUC understood the need for such a policy. If the Government failed to achieve an agreement on this, he warned, there could well be a "pay explosion," which could destroy all hopes of holding down prices and reducing unemployment.

# Tories unhappy — but Labour cheers for Sir Geoffrey

BY RUFERT CORNWELL

BRITAIN'S UNYIELDING resistance to the latest EEC farm price proposals earned Sir John Silkin a hero's welcome yesterday from his own backbenchers when he returned to the Commons to report on the unsuccessful marathon meeting in Brussels.

The Conservatives, however, were anything but happy. Amid an intermittent barrage of jeers from Labour MPs, they strongly criticised the Agriculture Minister for making sure that the U.K. was once again dragging its heels in Europe, as well as dealing a grave blow to domestic pig and beef producers in the process.

Sir Silkin, who chaired the Council discussions in Brussels, told the House that the eight other member States would have been able to agree on a package based on the Commission's original proposals and including slightly higher price increases throughout the grueling five-day session. Dr. Gavio Strang, Parliamentary Secretary to the Agriculture Ministry and leader of the British delegation, had made it clear that he would accept the increase and a small "devaluation" of the "green pound" if adequate compensation was offered in return.

The U.K. had put forward a scheme for a better subsidy which would have achieved this and also reduced the Government's budget surplus, Sir Silkin said. But the final package was insufficient and, therefore, unacceptable.

Mr. John Peyton, shadow Agriculture Minister, challenged Sir Silkin to make clear what he would accept and what he felt had been gained from a "prolonged and bitter argument."

The statement, said Mr. Peyton, was particularly worrying for Britain's pig meat producers, whose problems had been left unresolved while the "green pound" agreed by the Nine farm Ministers would only deepen the difficulties of beef producers in this country.

Mr. Silkin stressed that the Government would not be held responsible for the outcome of the negotiations through the intervention of the House of Commons. He said that the Government would be going on to the Commons yesterday.

Dr. Gerard V. Jones, who had called for an emergency statement on the dispute, was told by Mr. Rowland Davies, Health Minister of State, that patients faced no immediate risk. About 100 staff were still being held in the hospital, but the situation was now reaching the point of being able to defend it.

Mr. Jones told MPs: "Officials added that the Government would do its utmost to ensure that picketing is kept within the proper bounds and that essential supplies are allowed through."

The dispute was about work-tunely, they said, for domestic staff and it that is the essence

## Rhodesia majority rule pledge concern

Financial Times Reporter

DR. DAVID OWEN, Foreign Secretary, rejected pressure from Conservative MPs yesterday to introduce some kind of British presence into Rhodesia. He equally dismissed the use of a UN or Commonwealth peace-keeping force in the country.

Dr. Owen's strategy was outlined to the Commons yesterday when he answered a string of questions about the Rhodesia situation before his forthcoming departure to southern Africa to seek a new peace formula.

Several MPs sought clarification of a report from Salisbury that the Rhodesian government had made it clear it was not committed to majority rule within two years.

Dr. Owen replied that the problem was that Mr. Smith appeared to be trying the two-year majority rule period to the establishment of an interim government while the British Government dated the two-year period from the time when the Rhodesian leader had entered into the commitment.

Mr. Christopher Brackleybank-Fowler (C., Norfolk NW), said a solution to the problem was not likely if the Foreign Secretary had ruled out the possibility of talking with Mr. Smith on his tour as well as rejecting a permanent British representation in Rhodesia.

Dr. Owen explained that while he could not rule out a British presence in Rhodesia, it was not possible at the present time. He was worried that Mr. Smith might be trying to slide out of his commitment to black majority rule in Rhodesia in 1978.

The Foreign Secretary emphasised the importance of reaching a stable agreement in Rhodesia by obtaining the opinions of Rhodesians who were not within the immediate confines of Rhodesia.

Mr. Reginald Maudling (C., Chipping Barnet), argued that what mattered were the wishes of the people of Rhodesia in any internal solution. Dr. Owen answered that to rule out outside opinion was a recipe for violence.

## Howe challenged on incomes policy

BY IVOR OWEN, PARLIAMENTARY STAFF

MOST EXPANDING companies will pay no Corporation Tax at all as a result of the decision to use employment "is will be, and must be strictly limited, probably in our present circumstances, to a single figure, perhaps less than 10 per cent."

The Chancellor should aim at an understanding of these "in-capable realities" throughout the country as a whole. "The Chancellor and the Prime Minister will have to be a great deal more candid and explicit about the next stage of the pay policy that they seek."

Both the Liberals and the Labour Party were big spenders by inclination. But the country could not afford to give the Liberals any chance to join the Government in trying to escape down a high-spending road.

Sir Geoffrey said that Mr. Healey had spent three disastrous and entirely wasted years at the Treasury. Public expenditure was up by 70 per cent, real take-home pay had fallen by 7 per cent, unemployment had risen by 140 per cent, and the Treasury had increased by 750,000 and was likely to go on rising.

Sir Geoffrey said: "Mr. Healey has demonstrated an inability to try to snatch the appearance of victory from the jaws of defeat."

Sir Geoffrey said that Conser-

# Howe challenged on incomes policy

atives welcomed the Chancellor's attempt to reduce public expenditure and that because of the "howls of anguish" from trade unionists, he was now planning to reduce income tax.

He congratulated Mr. Healey on the quite remarkable and unprecedented abandonment of almost every policy on which he and his party arrived in office.

These policies covered food subsidies, regional employment premiums and price controls.

On the seven-day-old Lib-Lab deal, Sir Geoffrey commented: "No doubt the eagerly awaited which we are told is going to take place will be a deeply therapeutic experience for them both but people sitting in will have to take the rough with the rough."

He did not think the pact had been set up long enough for the Liberal to be in a position to say that the results of the Woolwich, Workington and Walsall by-elections had influenced the Chancellor.

He welcomed Mr. Healey's recognition that indirect taxation was in principle a more successful way of raising taxes but deplored the heavy burden to be borne by the motorist.

For the Government Mr. Barnett confirmed that pensions would be uprated no later than November. The uprating would

## Forestry tax changes

Certain changes were to be made in grant levels for various types of dedication schemes and a small woods planting scheme would be introduced as a particular emphasis on planting broadleaved trees in the lowlands. There would be an increase in grants for approved special Capital Transfer Tax relief for woodlands would no longer be conditional on the woodland being the subject of a Forestry Commission dedication scheme. The necessary legislation would be introduced in the Finance Bill.

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## Written Answers

EMPLOYMENT

Mr. Fred Stiverson (Con., Wiltshire) asked the Minister of Labour what steps had been made to meet the shortage of jobs for school leavers and graduates at the end of the current economic year.

Mr. John Gilling, Under-Secretary, No. 10 Downing Street, said that the incidence of unemployment for particular groups have been made, although it is clear that many leaving school and university this summer to seek employment will have considerable difficulty in finding it.

INDUSTRY

Mr. Kenneth Clarke (Con., Rushcliffe), Why did the Secretary of State invite one politician only, namely the Co-operative Party, to nominate a representative as a member of the Joint Working Group set up by his department with outside bodies to develop the idea of a Co-operative Development Agency? Whether he will now invite other major political parties to nominate members of the group?

Mr. Alan Williams, Minister of State, The Co-operative Party was invited to nominate a representative to serve on the working group because it plays an important role in the co-operative movement in this country and has relevant experience which is likely to be helpful in the group's work. I do not propose to invite other political parties to participate but the group will of course consider any written observations or individual proposals or individuals may submit.

TRADE

Mr. E. Fernough (Lab., Jarrow), What percentage of British exports went to the EEC in the four years before the U.K. joined? What percentage has gone there in the four years since the U.K. became a member? For the same periods, what percentage of British exports came from these countries?

Mr. Michael Weaver, Under-Secretary, In the four years 1963-1972 an annual average of 25.6 per cent of total U.K. exports were to the EEC; in 1973 1976 the figure was 33.8 per cent. Corresponding figures for imports from EEC were 30.7 per cent and 35.7 per cent, respectively.

## Hospital dispute 'abhorrent'—MI

THE SURREY hospitals dispute would not be held to be abhorrent to the public and other trade unionists working in the hospitals, Sir Peter Hawtinson (Epsom and Ewell) said in the Commons yesterday.

Sir Peter, who had called for an emergency statement on the dispute, was told by Mr. Rowland Davies, Health Minister of State, that patients faced no immediate risk. About 100 staff were still being held in the hospital, but the situation was now reaching the point of being able to defend it.

Mr. Jones told MPs: "Officials added that the Government would do its utmost to ensure that picketing is kept within the proper bounds and that essential supplies are allowed through."

The dispute was about work-tunely, they said, for domestic staff and it that is the essence

## Peer attacks loan to Scottish Daily News

THE GOVERNMENT'S loan to the Scottish Daily News was criticised by the Earl of Lauderdale in the Lords yesterday. He said he was saved in an area that the use of taxpayers' money and escalating a great departure from earlier Department of Trade policies, founded in the benefit of hindsight, was not a very prudent step, there had been no consultation with the Government to take any other company.

Lord Lauderdale added that the investment had been against the advice of the Government's own officials and it had encouraged a wave of speculative investment in the newspaper industry. He said that the Government should be aware of the fact that the newspaper industry was a high-risk investment and that the Government should be aware of the fact that the newspaper industry was a high-risk investment and that the Government should be aware of the fact that the newspaper industry was a high-risk investment.

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## New peer

LOLD THOMSON of Wexford, formerly Mr. George Thomson, who retired as EEC Commissioner for regional policy in January, was introduced in the Lords yesterday.

### Midland Bank Base Rate

Midland Bank Limited announces that with effect from March 31st 1977, its Base Rate is 9½%, and that its Deposit Rate on amounts lodged at its branches subject to 7 days notice of withdrawal is 5% on balances of all amounts.

Personal Credit Plan Accounts will attract 5% on credit balances and be charged 18% on debit balances with effect from May 13th 1977.

Midland Bank

### BANK OF SCOTLAND BASE RATE

The Bank of Scotland intimates that, as from 31st March, 1977 and until further notice, its Base Rate will be TEN AND ONE HALF PER CENT PER ANNUM.

LONDON OFFICES—DEPOSITS

The rate of interest on sums lodged for a minimum period of 7 days will be FIVE PER CENT PER ANNUM also with effect from 31st March.

### The Royal Bank of Scotland INTEREST RATES

The Royal Bank of Scotland Limited announces that with effect from 31st March 1977, its Base Rate for loans is being reduced from 10½ per annum to 9½ per annum. The minimum rate of interest allowed on deposits lodged for a minimum period of seven days or subject to seven days notice of withdrawal at the London Office of the Bank will be reduced to 5½ per annum.

The Royal Bank of Scotland Limited, Head Office, PO Box 31, 42 St. Andrew Square, Edinburgh, EH2 2YF.

### National Westminster Bank

## Rate Changes

National Westminster Bank announces that for balances in its books as from and including Thursday 31st March, 1977, its Base Rate for lending is reduced from 10½% to 9½% per annum and its Deposit Rate on all amounts lodged subject to seven days' notice of withdrawal is 5% per annum.

Savings Accounts will now attract interest at 5% per annum. All other rates remain unchanged.

### L.B.I. Base Rate

Lloyds Bank International Limited announces that, with effect from 31st March, 1977, its Base Rate, applicable to all its U.K. branches, is reduced from 10½% to 9½%. The rate of interest allowed on seven-day notice deposits will be 5%.

LLOYDS BANK INTERNATIONAL

40/Fleet Street, London EC4A 3DF. Tel: 01-249 9522

### Barclays Bank Base Rate

Barclays Bank Limited and Barclays Bank International Limited announce that with effect from the close of business on 31st March, 1977, their Base Rate will be decreased from 10½% to 9½% per annum.

The basic interest rate for deposits will be decreased by 1½% from 6½% to 5% per annum.

Barclays Bank International

Reg. Office: 54 Lombard Street, EC3A 3AH

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Coutts & Co. announce that, for balances in their books on and after the 31st March 1977 and until further notice their Base Rate for lending is 9 1/2% per annum. The Deposit Rate on all monies subject to seven days' notice of withdrawal is 5% per annum.

Standard Chartered announce that on and after 31st March, 1977, the following annual rates will apply: Base rate . . . . . 9 1/2% Deposit rate . . . . . 5%



FINANCIAL TIMES INTERNATIONAL EXECUTIVE EMPLOYMENT CONFERENCE

THE BRITISH approach in dealings with the Middle East has been superior to that of any country, Dr. Bart Paff, adviser to E. H. Sheikh Sultan bin Mohammed Al-Qasbi, the Ruler of Sharjah, said at a Financial Times Conference on International Executive Employment in London yesterday.

Dr. Paff, an American, said that personal relationships were the key to success in the Arab world. The loyalty of Arabs to foreign executives could be relied on only if a strong personal relationship was established between the ruler of the State and the company representative.

"The British have deserved what they have earned there," Dr. Paff added.

Dr. Paff speaking on "a host country view of foreign executives" said that representative must be patient, adaptable, have a broad mind and preferably remain in his or her position for as long as possible.

He stressed the need for an open mind when dealing with Arabs because of the different culture from that of the Western world. Negotiations would move very slowly and Arab executives to dislike long contracts, but if their loyalty was won, they would dream up projects to keep the company busy.

The problems created by different cultures for wives and fragmented education for the children of expatriates were viewed by Mrs. Eric Whittle, wife of the deputy chief executive of Lloyds Bank International. She stressed the need for the

Britons praised for approach on Middle East dealings

BY JAMES McDONALD

company to equip itself with personnel to help cope with the inevitable family problems. Mrs. Whittle distinguished between the short- and long-term resident abroad. In the short-term, she said, the expatriate could easily keep on his house at home, but the longer-term employee would have to be helped financially. The company should take this into account.

For a company with a variety of interests in different countries there is a role for expatriate staff in the field of international executive employment, said Mr. P. H. Baines, director of administration of Formica International.

"The ability to fill management and technical gaps for prescribed periods of time, the absolute and necessarily dedicated acceptance of a training role and, finally, the self-development opportunities for growing managers are all assets which outweigh the difficulties and costs that are involved in employing expatriate staff," he said.

When assessing the value of any investment in expatriate staff a company must be confident and honest in determining that no local national employed in the overseas company could not discharge the responsibilities of the appointment.

Investigated "Secondly, the company has to be certain that the local recruitment market has been investigated properly and found wanting. If these conditions have been met then the company has no alternative but to fill the gap with an expatriate," he said.

"If the training role for expatriate staff is properly understood and implemented the development of local managerial staff must, over a period of time,

reduce an overseas company's requirements for expatriate staff. "Unfortunately owing to market pressure and the law of supply and demand for good, well-trained local managers the time-scale prescribing the need

also suitable by temperament and psychological make-up." Mr. N. A. Svensson, vice-president, personnel, of Telefonaktiebolaget L. M. Ericsson, speaking on the selection and briefing of expatriates, said: "I believe that the most important characteristics which a candidate should possess are: technical ability, supervisory and training ability, organising ability, adaptability, and breadth of vision."

"The foreign service involves more responsibility, other physical and cultural environments, not only for the expatriate but for the whole family."

Study

His company found that the most common motives for accepting a foreign assignment, according to a recent Swedish research study, were: better economic conditions (88 per cent.), better promotion opportunities (81 per cent.), the wish to explore a new kind of work (48 per cent.), dissatisfaction with conditions in the home country (21 per cent.).

Mr. Blas Ople, secretary of Labour in the Philippines, and former chairman of the International Labour Organisation, referred to the possibility of conflict between host countries and multi-national companies. He pointed out that pursuers of national interest and pursuers of profit did not always co-exist happily.

The conference, which continues to-day, was chaired by Mr. J. H. G. Firth, managing director of Employment Conditions Abroad.

Speakers on "Factors Governing Conditions of Expatriate Service and Remuneration" included Mr. J. M. McKeever of BP, Mr. R. M. Clement of Employment Conditions Abroad, Mr. G. Kullberg of S.K.F. and Mr. A. J. Arthur of Employment Conditions Abroad.



Dr. Bart Paff: The British deserve their earnings.

NOTICE OF DRAW AND REDEMPTION

SOCIETE FINANCIERE POUR LES TELECOMMUNICATIONS ET L'ELECTRONIQUE

(So. F. T. E.)

Societe Anonyme-Luxembourg USS DEBENTURE LOAN WITH A COUPON OF 7.75% 1970/1985 (Guaranteed by STET)

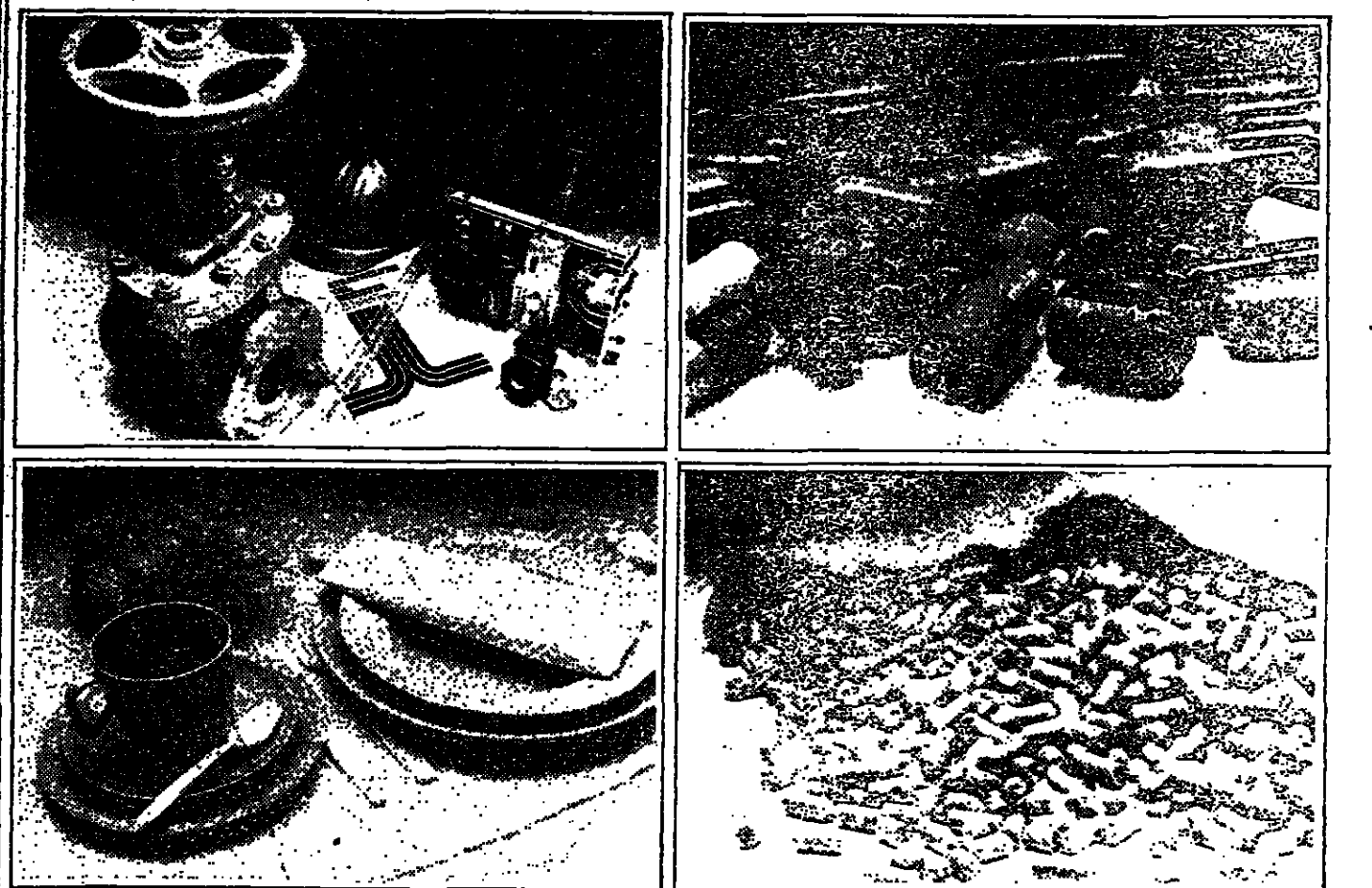
So.F.T.E. having already acquired under the Terms of the Loan, 1,650 bonds of a face value of \$1000 each on the market, of the seventh redemption instalment due on May 1 1977, Banco di Roma, in its capacity as Paying Agent has drawn lots on the issuer's behalf in accordance with the Sinking Fund Scheme for the remaining 1,650 bonds necessary to cover the entire redemption instalment.

The draw was on March 1 1977 in the presence of a solicitor and representatives from the Issuing Company and the Guarantor.

BONDS DRAWN FOR REDEMPTION MAY 1, 1977

Table with 10 columns of bond numbers (e.g., 1, 35, 50, 291, 303, 310, 329, 349, 354, 403, 459, 572, 576, 589) and corresponding values.

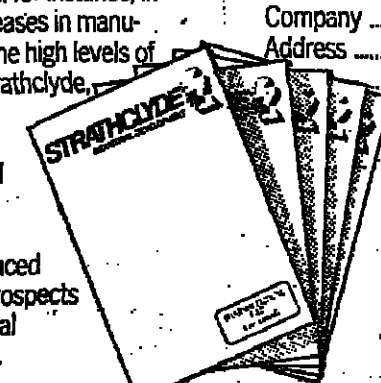
The bonds indicated above for redemption will expire and be made payable as from May 1 1977, in US dollars for the entire nominal capital plus interests accrued up to that date. They must be presented for redemption with all coupons expiring after May 1 1977, at the following institutions: -BANCO DI ROMA -BANQUE INTERNATIONALE A LUXEMBOURG -S. WARBURG & CO. LIMITED -BANQUE INTERNATIONALE A LUXEMBOURG



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THE FINANCIAL TIMES

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THE BUDGET AND STAGE 3



Mr. Hugh Scanlon: not satisfied. Mr. Joe Gormley: loud warning. Mr. Alan Fisher: fierce debate. Mr. Jack Jones: concern with prices. Mr. John Lyons: setting higher sights. Lord Allen: overcautious.

Interest rate outlook

THE MOST dramatic immediate reaction in the City to the Budget was a further drop in interest rates, at both the short-term and the long-term ends of the spectrum.

There are several reasons for the near-unanimous feeling that Mr. Healey's latest Budget is likely to lead to lower interest rates, at least for some time.

Allied to this general feeling about the thrust of the Budget proposals is an appreciation of the firm monetary stance which the Chancellor continues to maintain.

The Cyprus talks could work

EVER SINCE the Turkish invasion of Cyprus in the summer of 1974, there have been intermittent attempts under the auspices of the United Nations to reach a negotiated settlement between the Greek and Turkish Cypriots.

And yet the outlook this time does seem to be different. Not only is there a new Administration in the U.S. which is showing an active interest in the Eastern Mediterranean, but the parties to the dispute seem also to have been re-examining their positions.

All this amounts to a mutual recognition that it is time to negotiate. The basic sticking points are well known. One is the Turks to settle for a rather smaller part of the territory. At present they hold about 35 per cent, but the Turkish Cypriots account for little more than 20 per cent of the population.

TUC will be hard to tempt

By CHRISTIAN TYLER, Labour Correspondent

MR Healey's tax carrot is unlikely to have more than a marginal influence on the unions' bargaining position. Long before the Budget, the TUC was telling the Government that the negotiating rules for another phase of voluntary incomes policy are different this year.

By the time the TUC economic committee meets on April 13 to plan strategy for pay policy talks, the tax "bribe" will probably be ignored. The question then will be whether the advertised value of the package (including measures announced before the Budget and shown in the table) of 4 1/2 per cent, 3.3 to the average earner—or 3.3 per cent net—can be traded against a national pay norm.

Without resorting to phrases like "fiscal drag," shop-floor officials, if not their union members, have learned from last year's experiment that even a generous-looking adjustment to tax rates does not fully offset their extra tax burden due to inflation, and that both prices and taxation have been working against them in the last two years of rigid incomes policy.

Table titled 'NET INCREASE IN WEEKLY TAKE HOME PAY' showing columns for Low paid, Average, and Higher paid (x1, x2, x3, x4) with rows for Gross weekly pay, New child benefit, Lower child tax allowances, Inc. in Nat. Ins. contribs., Budget, Firm, Incr. personal allowances, Incr. in higher rate threshold, Conditional, Lower basic rate, and Total (% of take-home pay).

\* Assuming: (i) Average earnings of £15 a week (£3,900 a year) for adult male, manual worker in manufacturing industry. (ii) Married couple with two children under 11.

of the TUC's submission that Mr. Healey has not only clouded the horizon with the condition he has imposed regarding a third phase but has produced an over-cautious Budget.

Mr. Healey's calculation that a pay deal that substantially lowers price inflation will raise the value of his Budget to the average earner to the equivalent of a 9 per cent gross pay rise will be treated with even greater scepticism than the tax cut.

Overall, as Lord Allen, chairmen of the economic committee said, Mr. Healey has not only clouded the horizon with the condition he has imposed regarding a third phase but has produced an over-cautious Budget.

MEN AND MATTERS

Miller hands over

"He has been the subject of a great deal of unkind, uncalled-for criticism from the Press. It's all right when the Press has a go at you personally in business, that you can take. But his wife and son have also been involved."

Lord Mais was talking about the surprise resignation of fellow Labourite Sir Eric Miller as chairman and managing director of Peachey Property Corporation, which yesterday produced its annual results.

Miller himself appears lately to have been the subject of a whispering campaign, but his decision to step down (the remains a director) came as a sharp surprise: Mais takes on the chairmanship with executive chairman, but he had been arrested in Holland.



"Shouldn't that be in Arabic?"

The cover of Alain Peyrefitte's best seller Le Mal Français—the French Sickness—shows a batch of live matches stacked in the shape of France and a lit match straying towards them.

Barre's new Cabinet men

The cover of Alain Peyrefitte's best seller Le Mal Français—the French Sickness—shows a batch of live matches stacked in the shape of France and a lit match straying towards them.

he became the first Labour Lord Mayor (and also the first life peer to inhabit the Mansion House since records began).

His elevation caused no great enthusiasm among supposed Labour colleagues further west in London: Mais is reckoned to take a non-partisan approach to City affairs. His political pronouncements in the world at large have hardly been dramatic: he did not favour Common Market membership, fearing for the strength of continuing links with the Commonwealth.

Where he fits into modern Gaullism is not clear. Yet the Gaullists can hardly complain—they have lost Guichard from the Cabinet. Barre has replaced him with someone with an equally long party pedigree and the growing reputation as a semi-pop sociologist besides.

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# FINANCIAL TIMES SURVEY

Thursday March 31 1977

*J.P. [Signature]*

# Insurance Broking

The past year has been one of progress for insurance broking on two counts. There has been a substantial improvement in profits throughout the sector, and big steps forward have been made in defining standards of conduct.

THE PAST 12 months have been a remarkably eventful year for the insurance broking industry in Britain. At last it would appear that the moves to co-ordinate and regulate what has been an unco-ordinated profession are about to be brought to fruition. The development of insurance broking over the years has been completely haphazard, with no real control either by the public or by the profession itself. Up to now, anyone could be under the title of insurance broker, without any check of qualifications, expertise, experience, financial soundness or professional ethics. There was no central professional body to discipline the industry. The insurance broker has in fact been a free-for-all, representing himself—Lloyd's, the Insurance Brokers' Association, the Corporation of Insurance Brokers, the Association of Insurance Brokers and the Association of Insurance Brokers. Each has its own standards, but the broker is not bound to join any of these organisations—unless he wants to do business at Lloyd's. The city of brokers, especially small operators, do not belong to any of these bodies. It has been estimated that there are about 9,000 organisations operating under the name, but less than 4,000 at present belong to any of these associations.

A surprising factor about the industry is that it has worked itself into a high standard of trade, but the small operators in the High Street and large offered a good service to the public. The profession of complaints has been minimal in relation to the amount of business transacted by brokers.

But there was an undoubted need to tidy up the whole question of how insurance is sold and by whom. Some operators trading under the insurance broking banner had started to use high pressure selling techniques on the back of the wave of aggressive selling of the new life companies. In no manner could these brokers be regarded as independent. There was as much disquiet among other brokers over this situation as with the authorities.

One major problem is that the public have difficulty in understanding precisely what an insurance broker is and what services he provides. An impression has grown up that above all a broker is impartial in the advice he gives, completely independent in the placing of the insurance and helpful in the settlement of claims. It is the aim of associations and their codes of conduct to foster this impartiality, but the public do not really know this. The recent financial troubles of a few life companies showed that some brokers were placing more emphasis on commission to the detriment of security.

## Regulation

So it came as no surprise to the four broking organisations when in May, 1975, they were approached by Mr. Peter Shore, the Secretary of State for Trade, asking them for their views on regulation and subsequently to produce a scheme for the self-regulation of the industry. Above all he wanted the role of insurance broker defined and identified by the public. It was a natural consequence to the Government's stricter control of insurance companies to ensure a good deal for the public. Evidently the Government and the Department of Trade were not even sure what an insurance broker was.

This approach galvanised the broking organisations into action. One immediate result was the formation of one body to represent all insurance

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## An eventful year

By Eric Short

brokers. Originally called the British Insurance Brokers' Council, it recently became the British Insurance Brokers' Association (BIBA), with Mr. Francis Perkins, chairman of Hogg Robinson, as its chairman. The consequence of this move is that at last the industry can speak with one voice to Government, civil servants, insurance companies and other professional bodies and present its views. Its influence on insurance and other legislation should be enhanced.

The other result has been to produce a consultative document, published in November 1976, setting out a proposed system of self-regulation. These proposals have been embodied in a Private Member's Bill—the Insurance Brokers' (Regis-

tration) Bill—now going through Parliament with Government support. The regulation requirements are discussed elsewhere in this survey, but in effect all persons wishing to trade as insurance brokers will have to register. To get registered they will have to show evidence of some degree of expertise, they will not be able to run their business on a shoe-string and will have to

This is a problem which the BIBA will have to solve if its regulation system is going to work at least in the public's eyes. Whether it will solve the problem is doubtful, because, basically, their method of operation is the same, whether the client is large or small. The broker assesses the insurance needs of his client, recommends an insurance package to meet those needs and places that insurance in the market and

the cover involved often results in the business being placed with more than one insurer. Competition, if nothing else, will ensure that the client gets a fair deal and that claims will be dealt with promptly.

With the smaller company and the individual client, the broker cannot do much more than recommend a particular insurance package. Insurance companies are busily producing such packages to meet market needs, especially in the life field. The medium-sized broker usually has the staff to monitor the market and analyse the product thoroughly. The one-man organisation has an almost impossible task. He is virtually forced to keep to a limited range of contracts that he knows and understands.

Thus the BIBA in drawing up its code of conduct did not attempt to spell out a series of rules for brokers to abide by. It was concerned that such a code would not impair the freedom of operation of those brokers operating overseas. After all, they are one of the major earners of overseas currency whose endeavours have for too long been overlooked. It is in everyone's interests that their efforts are encouraged and not hampered. But where dealings with individual clients are concerned a few rules of conduct should have been produced.

So the BIA has an educational job on its hands—educating brokers as well as the general public over the code of practice. Under the legislation brokers will have to register and this will be the task of a Registration Council, the majority of whose members including the

chairman being appointed by the BIBA. Brokers will have to accept the code of conduct as a condition for registration. Failure to conform to the code, or to any other registration condition, will result in disciplinary action by the Council. Indeed this is the only sure way to maintain high professional standards and the discipline including the ultimate one of expulsion must be made public. The BIBA must issue guidelines to brokers on conduct in fairness to the brokers, the public and the BIBA itself.

### Approach

Finally, the public need telling what dealing with a registered insurance broker will in future mean—what brokers can do for them and what the service involves. For example, the broker can get a good with-profits contract for his client; it is virtually impossible to get the best since only time will show which contract was the best. The public may hold the broker professionally responsible if a life company cuts its bonus rate. It would have been better had the BIBA distinguished between life and non-life business—each has a different approach.

The brokers in their document came down in favour of remuneration by commission for their services. This is a very tricky question and one that needs airing in public. The temptation to sell products that maximise commission will always be present; the alternatives are remuneration by fee or a rigid commission system administered centrally and each has its drawbacks. Perhaps the BIBA will get down to this task.

# The Insurance Broker we'd all like to see is now a great deal nearer.

Last year, the four major insurance broking organisations effected a piece of broking history by setting up the British Insurance Brokers' Council, now the British Insurance Brokers' Association.

Our immediate concern was to look at the problem of self-regulation of brokers. We're glad to report that progress so far has been good.

### Bill in the making

Proposals submitted to the Government in a consultative document in August last year have already been embodied in a Private Member's Bill.

At time of going to press, the Bill has had an unopposed second reading in the Commons, and gained Government support. So it shouldn't be long before everyone who wants to call self "insurance broker" will need to satisfy an officially-

established Registration Committee that he is experienced, financially stable, and willing to observe a professional Code of Conduct.

In the words of our consultative document, he will have to pursue "the principles of utmost good faith and integrity in a manner consistent with the good reputation of the insurance industry."

### The Broker's contribution

As everyone agrees, it's only right that the public should receive high standards of specialist and independent advice from qualified, responsible brokers.

It's important that the bona fide broker is given support and encouragement too.

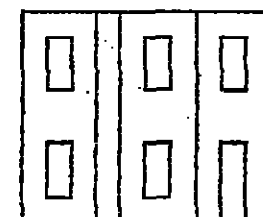
Brokers produce about 50% of the U.K. domestic insurance premium income in any one year.

And, particularly important to all of us right now, they play an absolutely crucial part in attracting overseas business to this country.

In 1975, for instance, brokers were responsible for placing 80% of the £2 billion in overseas premiums handled in Britain.

So it makes good sense that there should be a representative voice for this important industry, able to speak for it with Government, the insurance industry, other trade bodies and the general public.

And that is the function of the B.I.B.A.



**THE BRITISH INSURANCE BROKERS' ASSOCIATION**  
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## INSURANCE BROKING II

# Profession seeks its own watchdog

THIS IS the age of consumer protection. The mood of recent Governments has been to endeavour to ensure that the consumer gets a fair deal every time he buys or is sold a product or service. *Cooper's*—let the buyer beware—no longer applies. Since many MPs really do believe that Utopia can be brought about if only the appropriate legislation is enacted, the attempts to provide a fair deal for consumers have resulted in a mass of complex, confusing and often unworkable legislation.

But nothing deters the present generation of legislators and it was only a matter of time before they turned their attention to the selling of insurance. However, in this case there is ample justification for their interest, because there is no ordered pattern in the methods by which insurance is sold.

Anyone can call himself an insurance broker. It is hard to differentiate between those operating independently and those tied to one or more insurance companies. It is a sector of marketing in which the fringe operators can have a field day and it is greatly to the credit of the vast majority selling insurance that there has been comparatively few cases of criminal dishonesty.

Fortunately the Government has given the insurance broking profession the opportunity to sort itself out, one that it has taken with both hands. In May, 1975, Mr. Peter Shore, then Secretary of State for Trade, invited the four principal insurance bodies to put forward proposals for the identification and supervision of insurance brokers. In particular he wanted it made clear how the public could distinguish between an insurance broker offering disinterested advice and an agent acting for a particular insurance company.

After months of consultation the four broking organisations produced a consultative document setting out in detail proposals for the regulation of insurance brokers. The theme is that the brokers would regulate themselves with outside help and these proposals have been incorporated in a private member's Bill—the Insurance Brokers (Registration) Bill—sponsored by Mr. John Page.

The Government has given its approval to the Bill and is in favour of self-regulation. The Green Paper on Insurance Intermediaries frankly stated that the Government did not possess sufficient trained personnel to operate a system of Government controls—and was prepared to give self-regulation a chance in the world.

The British Insurance Brokers Association, formed out of the four existing associations, has taken the EEC definition of an insurance broker, though the public certainly would not recognise this person from the flowery description. But basically it is a person or persons acting with complete freedom on behalf of clients in all aspects of insurance from giving advice to handling the claims, and not tied to any particular insurer.

### Prudent

In general members of the public have an incomplete knowledge of insurance, both in and general. The adage that insurance is "sold not bought" may be old, but it is still true. So when they consult a broker they are very much in his hands and rely very much on his good faith. Thus brokers have to be honest men who know what they are talking about and also run their business in a prudent manner. The aim of the self-regulation proposals is to ensure that insurance brokers are men of that kind.

The Bill proposes to achieve this by making all who wish to operate under the title of insurance broker to register as such with a specifically appointed Insurance Brokers Registration Council. Operating without registration would incur penalties and the Bill proposes to cover titles similar to insurance broker, such as assurance broker. Registration would only be granted provided the person concerned had the necessary technical competence, expertise and ran his business in a sound

financial manner and conformed to a code of conduct.

By this means the public will know that when they consult someone using the expression "insurance broker" they are dealing with a professional conforming to certain professional standards. These standards are by no means onerous. The BIBA has not gone out to clobber the small man and put him out of business, as has been suggested in some quarters.

For instance, in assessing technical competence the brokers are not seeking a bogus-type qualification. The Bill leaves the qualification requirement to the brokers and the consultative document referred to attainment of Associateship of the Chartered Insurance Institute—a good but not an onerous standard. Similarly, only three years' practical experience with a broker or with two or more insurance companies is sought. The professional qualification can be bypassed if the person has five years' experience.

The Bill specifies that the broker has to have adequate working capital, that his assets exceed liabilities by an adequate margin and that he submits regular audited accounts. But this is just normal business prudence. The capital level is likely to be £1,000—adequate for the one-man operation.

But what the Bill does lay down regarding financial soundness is that the broker should not place so much business with one particular insurance company as to become unduly dependent on that company. The aim presumably is to demonstrate independence, but it will need to be interpreted with care. A small broker who places a large proportion of his life business with a leading mutual company cannot be regarded as putting his business "in hock" to that company; yet he may be granted provided the person concerned had the necessary technical competence, expertise and ran his business in a sound

professional cover. The level of the brokers. Broken are only human best will in the later, mistakes financial loss at vengeance will mean be reimbursed broker going i. There is also p establishment of fund, with this o losses caused by of a broker, so does not lose such an event.

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Will these J Doubts have be to whether a br independent, e does not charg is impossible fo fully aware of spectrum of fur or have the fi really complex time will tel works a Govern the only altern

# Life business falls away

ALTHOUGH no up-to-date information is available, the broking fraternity sounds convinced that its proportion of the life business has been gradually falling away over the past couple of years. While the proportion of life business handled by insurance brokers was around 35 per cent two years ago, it is now probably under 30 per cent. At least that is the impression that the major brokers have and indeed the top six brokers have shed around a tenth of their life business staff, and have seen some of their competitors disappear. Of course it may be that the smaller specialised brokers are actually increasing their market share but by and large the brokers are losing ground.

There are several reasons for this trend. First is the drift of wealth away from the middle classes, the traditional clients for brokers. The relatively higher wage of manual and industrial workers has evidently made for a downmarket shift in new life business which is being picked up by the insurance companies' direct sales forces. In that environment it is hardly surprising that the personal financial planning service offered by brokers is less in demand.

But the real point for the brokers over the past year has been the changes in the commission rates offered by the life companies. For some time the Life Offices Association has been striving for brokers' remuneration to be fixed against premiums rather than the sum assured. Originally it was hoped to have a new formula on the go by mid-summer, but having been postponed last June because further time was required to consider special problems which arose in relation to longer term policies the new commission rates finally took effect from October 1 last year.

One of the main complaints levelled at the industry is that investors are suffering from being sold the wrong type of policy and losing out when they surrender, simply because the intermediary selling the policy is solely concerned with getting the maximum amount of commission for himself. It is hoped the new commission rules will do away with such abuses. The commission rate as from last October agreed by those members of the Life Offices Association and the Associated Scottish Life Offices is as follows: the main changes apply to whole-life and endowment assurances where the initial

commission is 2½ per cent. each year of the premium payable term up to a maximum of 60 per cent of the first year's premium. However, opposition from two leading companies—Friends Provident and Sun Life—over this maximum figure has led to the option of an additional amount of commission on whole life business.

Now on whole-life policies, which are contracts where the policy is paid on the death of the investor, a further 30 per cent can be paid in the second year bringing the total up to 90 per cent. If the option is taken no renewal commission will be paid after 20 years. Meanwhile, for temporary assurances there is a choice of commissions, but single premium policies pay 3½ per cent of the premium and immediate and deferred annuities are on the basis of 2 per cent of the purchase price.

All this compares with the 22 per cent of the sum assured paid under the old rules. Though the new maximum of 60 or 90 per cent may still seem a lot it is in relation to perhaps 300 per cent payable under the old scheme. In some cases the structure, as described above, applies only to members of the association. Equity and Law is the one major reputable office outside the LOA which springs to mind that will be offering commissions to brokers in excess of those laid down by the LOA. These could be up to 40 per cent more and payable all in the first year. The fear is that these policies will be oversold, though the company probably has a firm grip on the brokers handling its business, and anyway only about 5 per cent of life business is handled by offices outside the LOA.

Perhaps of more concern are those companies inside the LOA which are exempt from the rules. Little was made of this feature when the new commissions were announced. The whole idea of immediately granting exemptions seems rather illogical when designing a rigid structure to offer a better service to the consumer. Apparently the LOA is prepared to allow small life companies to pay higher commissions if the size of the business and market share justify it, and the company, because of its small size, cannot operate within the existing commission rates. Admittedly applications have to be considered by all the members at monthly meetings and approved by all before being granted, but somehow this seems to go outside of the spirit of the whole concept.

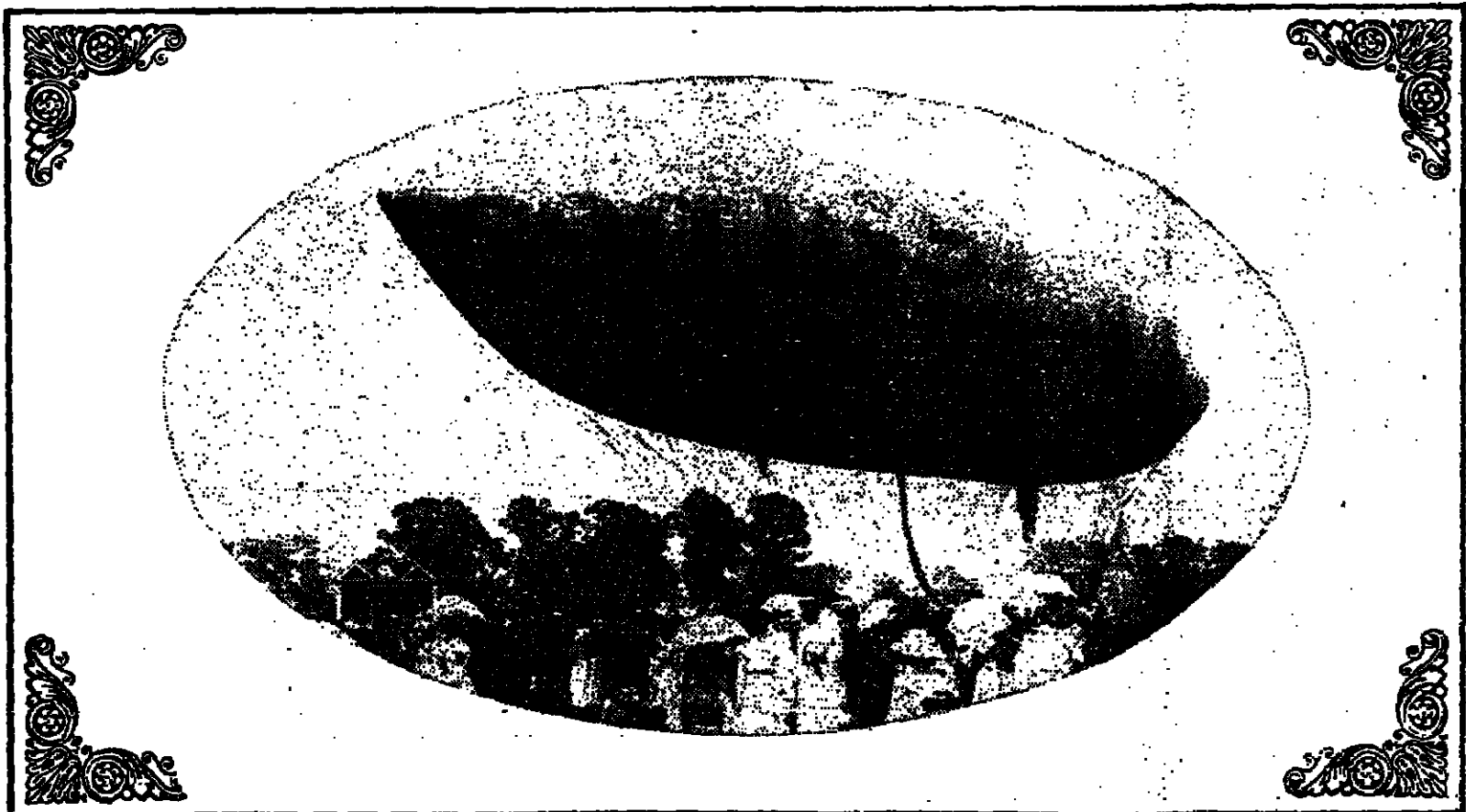
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What will i income? Very the comments groups, but for specialised broker be very differ one can foree who have com the investor, a further 30 per cent can be paid in the second year bringing the total up to 90 per cent. If the option is taken no renewal commission will be paid after 20 years. Meanwhile, for temporary assurances there is a choice of commissions, but single premium policies pay 3½ per cent of the premium and immediate and deferred annuities are on the basis of 2 per cent of the purchase price.

After all, with the commission a hardly assure advice to the take up a polie for the brokers not taken out for consultation. Meanwhile T add that while consultants and better because they i is the one major reputable office outside the LOA which springs to mind that will be offering long run there commissions to brokers in excess of those laid down by the LOA. These could be up to 40 per cent more and payable all in the first year. The fear is that these policies will be oversold, though the company probably has a firm grip on the brokers handling its business, and anyway only about 5 per cent of life business is handled by offices outside the LOA.

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# 1902...



Maiden flight of the first British Airship.

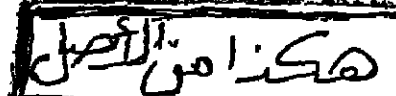
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*J.P. ...*

# Big profits boost shares

SPERITY IS scarcely a value of international revenue phenomenon new to the insurance broking sector, but there seldom if ever have been a like 1976 when just about everything went right for the London-based international insurance brokers. A few names will give the picture under Howden Group ed profits up 70 per cent. 18.4m., admittedly with the wick Forbes reported an ase of 62 per cent. to m. and Bland Payne, the and Bank subsidiary, pro d a 77 per cent. jump to m.

ere are now ten major d insurance brokers wing the listing of Willis r and Dumas on the stock et last year. On average profits—not all have yet ad—could well show a of more than 50 per cent. 97%. This performance has d to consolidate the on of the sector as one of y best performing—in i of share price gains over ong term—on the whole market.

is the sector quite the w that it used to be. The t capitalisation of insur- brokers' shares is now well £300m., and although the yelds on a number of e reduce their attraction vestors, several companies een able to alleviate this n over the past year or ough rights issues which een accompanied by hefty nd increases. As a recent sse, moreover, Willis etains freedom from dividend restriction for ne being.

ance brokers are a breed in their ability to e consistent growth and estand—and even benefit economic problems. They ush aside, for instance, Howden has been prominent in pact of inflation, since term, the large cash resources being built up by brokers could High interest rates re- become increasingly drawn to their advantage, for wards the underwriting and of old large cash balances. In recent years the brokers' spare resources lds to their profits as the have tended to become tied up

in property (some very fancy headquarters buildings have been put up) but property developments now seem to figure less prominently in spending plans.

How have the insurance brokers managed to increase their profits by such a wide margin over the past year? Stockbrokers Kitcat and Aitken, leading specialists in the sector, have produced estimates which underline how the growth rate of brokerage revenue has recently been running ahead of the rate of increase of costs.

Kitcat reckons that on average brokerage could have increased by some 40 per cent. in 1976, which of course reflects a significant real volume increase over and above the effects of inflation and sterling depreciation.

Meanwhile expenses, largely in sterling, were held to a 31 per cent. rise, helped by pay restraint (although the insurance brokers complain that staff poaching in this boom sector is pushing up labour costs quite fast). The overall rise in broking profits, on the Kitcat model, is 68 per cent., which is however reduced to 63 per cent. at group level, mainly because of rather lower growth in investment income.

For 1977 the prospects are, not surprisingly, rather less outstanding. C. T. Bowring, for instance, has commented that 1976 "must be regarded as exceptional." Its insurance broking profits rose by two-thirds to £17.1m. last year. Nevertheless Kitcat have been revising their 1977 expectations upwards in recent weeks as evidence accumulates that the insurance brokers still have growth points even though the sterling exchange rate may no longer be working in their favour.

In recent months the performance of insurance brokers' shares has tended to reflect trends in sterling, the sector being a favourite hedge against devaluation. Thus the sector index was strong relative to the equity market as a whole throughout most of 1976, but year. That is very close to the average annual relative strength achieved by the sector index since it was first separately calculated a little less than 10 years ago.

Analysts like those at Kitcat see no reason why the insurance brokers should not continue to perform well. Yields are about a percentage point below the equity market average, but pact of the results season and price-earnings ratios are not par-

ticularly high when adjusted for prospective growth.

It is possible, of course, that the Government might switch to a higher exchange rate policy, which would not suit the brokers. And one minor worry is that some groups are getting so large that it may not be easy to prevent some of their top executives' splitting off, particularly because U.K. pay restraint can create severe anomalies in this internationally mobile industry. But the top insurance broking groups exude confidence about the volumes of business they are generating.

Barry Riley

	TURNOVER IN 1975 (per cent. shares of total)			
	U.K.	North America		Other
		U.S.	Canada	
C. T. Bowring	*50	—	*35	*15
C. E. Heath	26	37	9	28
Hogg Robinson	74	—	1	25
Alexander Howden	43	34	3	20
Leslie and Godwin	*60	—	*40	—
Matthews Wrightson	36	—	40	24
Minet	20	—	80	—
Sedgwick Forbes	34	—	24	42
Willis Faber	44	—	29	27

\* Estimate. Source: Rowe and Pitman.

ten points lower than the 1975 figure shown in the table.

Howden is the largest of the U.K. insurance brokers. It overtook the lead in 1976 through two substantial acquisitions, Halford Shear, and Morrice Tozer & Beck. The company also has an interest in direct underwriting through its Sphere and Drake subsidiaries. In 1976 Howden's profits rose sharply in line with those for all U.K.-based brokers, with the London market doing very nicely out of the capacity problems in New York, and gaining usefully in sterling terms out of the decline in the value of the pound.

In Howden's case profits rose by roughly a third to £18.9m. pre-tax. It has been estimated that the contribution of the direct insurance operations in the U.K. was about £3.1m. with the underwriting side overseas bringing in something like £1.1m.; the Bermudian company was responsible for most of this total. This Bermudian holding company, through which most of Howden's overseas profits are channelled, complicates the group's financial structure. In contrast, the overseas trading links of the other major brokers are relatively straightforward.

Outside the U.K., North America is still the largest market for insurance brokers. C. E. Heath and Minet—two of the more "pure" brokers—are involved in the U.S. on a very large scale. Most companies have considerable links, informal and formal, with major brokers on the other side of the Atlantic.

broking interests outside North America. In return Minet has a 7 per cent. equity stake in James, March and McLennan, just about the world's biggest broker, has a fifth share in Bland Payne, an unquoted subsidiary of the Midland Bank. Stenhouse, which began life in Scotland in 1904, developed its North American operations significantly in 1972 when it merged all its insurance broking interests with the Canadian group, Reed Shaw Osier.

At the time this company was the largest Canadian insurance broker and is now the fourth largest listed in North America; Stenhouse controls more than half the equity of the company. Recent acquisitions in Canada include the French language company, J. Meloche Inc., which operates separately in Quebec. Outside Canada, Stenhouse's operations take in the U.S.—where it has 14 branches in Ireland, Bermuda, Australia, New Guinea, New Zealand, South Africa, Rhodesia, France, Belgium, Singapore and Malaysia. Subsidiaries have been established recently in Hong Kong and the Philippines.

Jeffrey Brown

## International operations

IF THERE IS one truly inter-fused in the old Commonwealth, it is most wealth, but the Continent, the Middle East and Latin America glance at the accompanying are now major contributors to the world market has become floods annually into this for the leading broking houses country.

### Clients

Sedgwick Forbes is as good an example as any of the way the leading brokers have built up their international operations. There are clients of Sedgwick in over 85 countries. The group has over 60 offices throughout the world where its own subsidiaries or associated companies are located—in South Africa, Australia, New Zealand and Canada as well as Western Europe, the Middle East and South-East Asia.

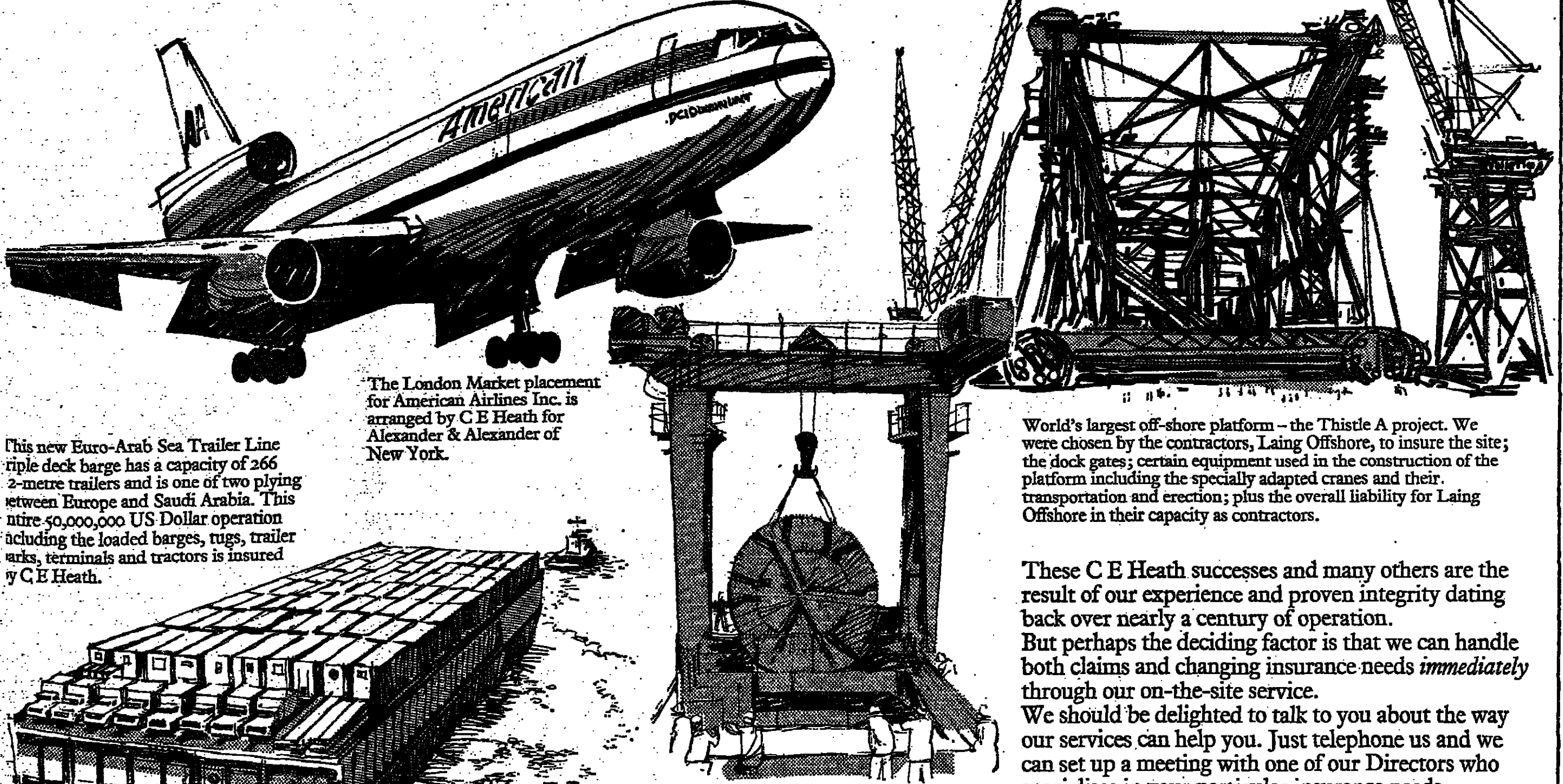
In countries where Sedgwick is not directly represented it operates through local insurance brokers or companies with which there has been a long established association. In

Sedgwick's case this applies especially to the U.S. In addition to providing on-the-spot service in local markets, the group is able to develop through its world-wide connections a large volume of insurance and reinsurance business which is customarily placed in the international markets of which Lloyd's is the corner-stone.

It is trading connections of this kind that have allowed Sedgwick to extend its "overseas ratios" during the past year. The company's annual accounts for 1976 (recently published) show that the proportion of turnover in the U.K. last year fell from the 34 per cent. shown in the table to 27 per cent. North American business accounted for 30 per cent. of the total in 1976. Similarly, analysts of the sector have been able to up-date their figures for Alexander Howden, Howden's U.K. operations accounted for just over a third of total turnover in 1976 which is close on

# Insurance by C. E. Heath

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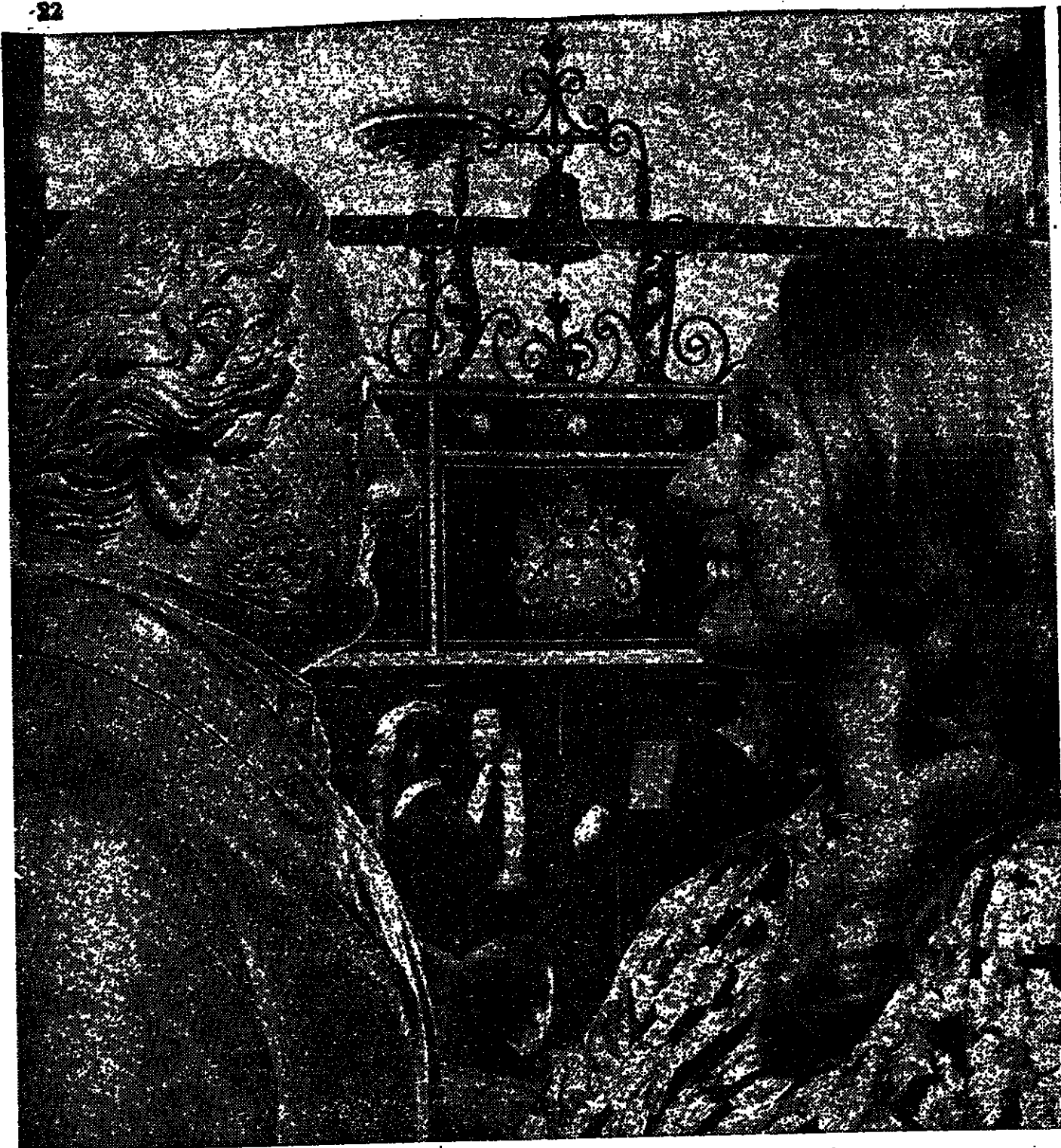
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These C.E. Heath successes and many others are the result of our experience and proven integrity dating back over nearly a century of operation. But perhaps the deciding factor is that we can handle both claims and changing insurance needs immediately through our on-the-site service. We should be delighted to talk to you about the way our services can help you. Just telephone us and we can set up a meeting with one of our Directors who specialises in your particular insurance needs:

A section of the mechanical mole used in the construction of the 29,000,000 US Dollar Water Transmission Tunnel at Bangkok by Nishimatsu Construction Co., contractors, and Metcalf & Eddy, consulting engineers. The insurance is handled by Rollins Heath (Japan) K.K. and Heath Langveidt Rollins Ltd. in each of which we are partners.

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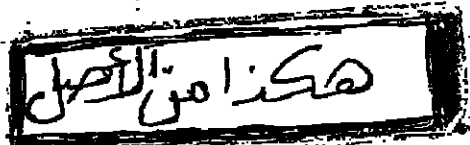
Our size does mean that we can handle the largest and most difficult risks. But our service means that we handle them efficiently, economically and swiftly, with a detailed understanding of local conditions and requirements.

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# Lloyd's adapts to market needs

THE ENTIRE premium income of underwriters at Lloyd's, 75 per cent of which is from overseas, reaches them through the syndicates, hoping for an underwriting profit which, in 230 or so firms of Lloyd's brokers, the Committee of Lloyd's is anxious that brokers of all sizes, provided they meet its strict requirements, should be able to place business at Lloyd's. After all, there are many classes of business which are attractive to a small firm set on expansion, but which could be looked upon as being more trouble than they are worth to a large international firm of brokers.

Sometimes claims have been made on behalf of brokers about their share of the massive contribution to the balance of payments made by the U.K. insurance industry. The estimated invisible earnings for 1975 were £158m, from insurance companies, £190m, from Lloyd's, and £104m, from insurance brokers. While it is true, of course, that all business reaching Lloyd's (and much overseas business written by companies in the U.K.) comes through brokers, the latter are essentially salesmen and intermediaries. It is underwriters who accept the risks, and brokers are dependent on the innovation and flexibility which are one of the hallmarks of the Lloyd's market, and which are taken up by many of the companies with which Lloyd's brokers place business.

It is partly because of this willingness to look at the unusual, and to tailor policies to specific needs, that the high reputation of Lloyd's in the world is out of all proportion to the percentage of world premium income actually written in the market. The interdependence between brokers and underwriters in the Lloyd's market can bring close co-operation in many ways. Brokers, however, do not let themselves be influ-

enced in their negotiating with underwriters by the fact that many of them are "names" on some classes of business, there is a distinct shortage of capacity. While the giant broking firms in the U.K. are Lloyd's brokers, will count for tax purposes as earned income. Life is seldom easy for a broker. Currently, there is very keen competition nationally for both marine and aviation business. This is because there is over-capacity in the world market, including the Lloyd's sector. The London market, with its years of experience of international risks are being written at uneconomic premiums. Underwriters are often prepared to let the business go elsewhere rather than write it at rates which they consider will result in underwriting losses.

For brokers the position in the non-marine market is entirely different. Here there is a flow of business back to London, plus in many cases business which has not previously been written in London. Much of this business comes from the U.S., where some domestic insurers have been reducing their commitments. The practical effect of this swing back to London has been to put a severe strain on the capacity of the non-marine market at Lloyd's.

### Different

To maintain security, there is a limit on the premium income which may be written by each member; this is expressed as a multiple of the member's deposits. Traditionally, underwriters at Lloyd's have written business within their permitted premium limits, believing that underwriting profit should be their goal, and only profitable premium is worth writing. Nevertheless, the margin

between premium limits and premium income actually written has shrunk, and, for some classes of business, there has been a distinct shortage of capacity.

As a result, some non-marine underwriters would have liked to have been able to write considerably more on risks shown by brokers—both in terms of lines and additional Premium income restrictions, therefore, have meant that some underwriters have had to turn away business which they would otherwise have been anxious to write.

This year there has been some amelioration of the position, since 2,251 new members started underwriting at the beginning of the year, increasing the capacity of the Lloyd's market as a whole by about 25 per cent. The number of members has increased from about 6,000 in 1971 to 10,730 at the beginning of the year. During that period, premium capacity has doubled to a current estimated figure of £1.25bn. Since that figure is net of permitted reinsurance and of brokerage and commission, in company terms it could well be the equivalent of £2bn.

Applications for membership during 1977 continue at the current pace there could be as many as 5,000 candidates for membership, who could start underwriting in 1978. Increases in capacity of this order will be welcomed by many non-marine underwriters, but this raises problems for underwriting agencies, many of which are owned by broking firms, since it is customary for a member to join syndicates in more than one market. But over-capacity in the marine and aviation markets is unlikely to be absorbed until there is an upturn in world trade, and some of the more cut-throat competition in the world market withdraws with burnt fingers.

Although at a time when the flow of non-marine insurance cannot be assumed to stay indefinitely, a proportion of world insurance than in the U.S. can have an effect on the market could be by a swing the of whatever reason.

While those who appreciate that it is difficult to Lloyd's, since individuals under their own account community is fully effect which any insurance in B have on overseas the capacity of the net as a whole firm.

### Reputation

Underwriters at Lloyd's have gained the reputation of a substantial international business proportion of written in the U.K. Many underwriters, however, have seen more U.K. business since this helps to large volume of business on the by.

In the past one of the main reasons for the success of Lloyd's has been the system whereby Lloyd's brokers the country can deal on a direct basis with clients at Lloyd's, without the intermediary of a syndicate. Lloyd's is responsible for the of accounts.

For other classes cover may be granted on a non-pre-determined limit of underwriters. In cases this has been further, with a setting up a subsidiary which, with wide-accept a variety of behalf from non-Lloyd's. From the point of view, all conducted with the company (the amount of the new way as with an Lloyd's, but the Lloyd's.

Through Lloyd's brokers an amount of business written in the market is particularly for the business for the building, without a great For a variety of building activities wedged as the companies.

# Fresh demands on pension services

EMPLOYERS have not much time left to make up their minds concerning what to do about pension provision for their employees. The new State pension scheme, as embodied in the Social Security Pensions Act 1975, introduces a comprehensive earnings-related pension scheme scheduled to start in April 1978. Employers have to decide how to fit their own pension arrangements into this new system, in particular whether to stay in the State scheme or to contract-out and provide the bulk of the pension through a company scheme.

The provisions of this Act, and its accompanying regulations, are so complex that even intelligent laymen find difficulty in understanding them. The financial terms for contracting-out are finely balanced and detailed calculations are needed if an appraisal of the situation is to be made. Gone are the days when it was straightforward to set up a company pension scheme. The decisions that have to be taken by top company executives require detailed advice and guidance from pension experts.

But for months consultants have been emphasizing that they cannot make a blanket recommendation whether to contract-out or stay in, as could be done with previous schemes. Each case has to be considered on its merits and it takes time to present the pros and cons of contracting-out. The other feature is that the consultant can only present the relevant points to consider. The employer has to make the decision and it cannot be delegated back to the consultant.

The work load of the pension consultants has been steadily building up as a result of the 1975 Act. Employers are now approaching their advisers for information to enable them to reach a decision. And most employers have left it to the last minute, though to be fair they have had more pressing problems to deal with.

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In many cases the first task of the consultant has been to explain exactly how the new State scheme will operate and how it fits into the new framework. All consultants have by now produced their booklets, setting out these details. But explaining to large numbers of employees needs a personal approach and many consultants have decided that some form of visual presentation—film or continuous slide—with commentary is a better method of getting the facts over to large or even not so large audiences.

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Noble Lowndes, a member of the Hill Samuel Group, was wedged as the companies.

CONTINUED ON NEXT PAGE

# "I bear a charmed life..."

(Macbeth, WILLIAM SHAKESPEARE 1564-1616)



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J.P. ...

# Providing export cover

FOR SOME considerable time it has been recognised by industry and Government that Britain's performance in major export markets has been progressively eroded by inflation, lack of capital in industry and other factors. As these projects become more and more valuable, the anxiety has grown. In other major industrial countries, there have been efforts to improve and in some cases completely reorganise the structure of credit insurance. This approach has also come in for some criticism from major U.K. contractors, mainly on the grounds that any large bidding vehicle is likely to be bureaucratic and cumbersome in an industry which requires swift decisions and action.

But it is widely acknowledged that some source of capital must be made available. The two traditional sources of this capital, Government and industry, are now less able to fill the gap than previously and there is a consequent move towards the private insurance market. The question now being cautiously examined is whether the market is willing to get involved and whether it has the capacity to do so.

**Eligible**

At present the market provides a service through the Export Credit Guarantee Department. These companies are highly specialised and handle a high percentage of ECGD's total business. They have been to a large extent the sales arm of the department as well as advisers to their clients on how best facilities can be obtained from ECGD, since broking in the traditional sense of finding the cheapest and best market is not relevant where there is essentially only one market.

But because of the problems of major British exporters, and the demand for facilities better than those available from the private market and ECGD, some brokers such as the Credit Insurance Association have been active with a number of Government organisations in trying to bring together facilities that are available and in particular to encourage the development of a private insurance market by arranging reinsurance by the Government, hopefully on a

temporary basis so that new cover can be provided. A typical example is the contractor or joint venture following the failure of a subcontractor or delays in manufacture, which can prejudice the whole of the main contract. Each of this work and negotiations with ECGD for longer terms of credit arrangements is done on a fee basis in a similar way to the services provided by the merchant banks. The brokers, however, see themselves playing a complementary role rather than in competition with the banks in providing specialist facilities such as buyer credits.

But assuming that the private market does not become involved in a broader sense, it is possible that within the European Economic Community sales between member countries will not be eligible for export credit insurance from Government departments since they may be regarded as domestic sales. It would follow, therefore, that the potential for the domestic credit underwriters is a growing one.

Such a development would necessarily be a slow one, as the potential risks in dealing with some members of the EEC would cause problems and the extension of underwriting knowledge in the additional markets would have to be carefully accumulated.

When this does occur, however, the special credit insurance brokers, most of whom are rather more active in the field of domestic credit insurance than export, are likely to have an important role to play in development and broking services.

Since Britain has one of the most sophisticated export credit systems in the world, the leading brokers have been able to use this expertise to develop a private insurance market based primarily at Lloyd's for the insurance of political risk, and to use their expertise in contract analysis and provide insurance for international bonds, because the contractors which may not be able to obtain the cover required from their own export credit scheme.

For example, in the U.S., Eximbank and FCIA, the equivalent to ECGD cover, does not provide cover on most export contracts to Eastern Europe countries. Equally, many companies exporting equipment are now eligible for the Swiss export credit scheme ERG, since the proportion of goods manufactured in Switzerland is too low. As a result of this kind of difficulty, some specialist U.K. brokers such as the Credit Insurance Association have developed considerable business from correspondent brokers.

This development follows the well-established practice for general insurance, whereby leading Lloyd's brokers have set up overseas branches in order to service the local subsidiaries of their British clients. As a result they have set up offices in a number of overseas markets and are making a growing contribution to the invisible exports of the insurance broking industry by operating in about 20 different countries all of whose exporters are faced by the same problem, particularly in relation to jumbo contracts in the Middle East.

A more radical approach to the general problems could come in the form of a pooling system involving the surety companies, the insurance companies and banks. The need for such a system would be necessitated by the large amounts at risk, and its advantage would be the greater ease in arranging Government support for a pool involving the entire market rather than individual companies.

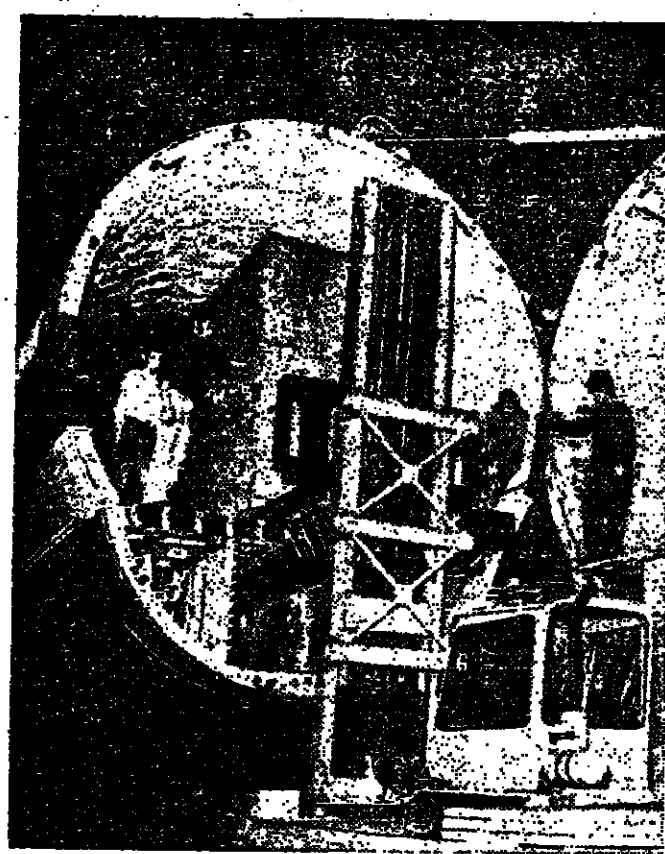
**Drawback**

One drawback of such a system would be that the cost to the contractor may be high at first, because the private market would need to build up reserves of premium to offset future liabilities. In addition, the surety pool would require more than usual for contract analysis and provide insurance for international bonds, because the contractors which may not be able to obtain the cover required from their own export credit scheme.

A key element would of course be the reinsurance by ECGD, which may result in an element of subsidy in early years. But it is felt in some quarters that this form of Government support would be more acceptable than the present direct intervention by ECGD in, for example, the cost escalation scheme.

But if the banking and insurance markets were to pool their resources to enable contractors to reduce their contingency margins, there would no doubt be pressure on the contractors to pool their own resources similarly and establish one or more suitable vehicles to act as main contractor. The major contractors, many of whom remain opposed in principle to the concept, are therefore the key element in the adoption of such a scheme.

**Lorae Baring**



A 23-tonne shipment of Marconi broadcasting equipment—part of a £1.5m. order from the Nigerian Broadcasting Corporation—being flown out by I.M. Airchartering.

of managed funds run by life companies and the overall effect of the investment mix given by these companies.

Companies are slowly adopting the view that their responsibilities do not necessarily end when they pay the pension or hand over the cheque to the widow. Financial advice is needed by the employee about to retire on whether he should commute part of his pension and if he does how should he use the money. The widow of an employee needs guidance on how to use the lump sum death benefit. Many women leave the financial decisions entirely to their husbands.

The consultants are now providing this individual advice service if requested by the individual concerned, with the company meeting the costs of this service. Sedgwick Forbes has a team that is prepared to discuss the problems in the individual's own home with other members of the family. The employer will find that it is money well spent. Other consultants are becoming active in this area especially the bigger brokers with financial planning divisions already in operation.

Nothing stands still and these days more attention is being given to the overall benefit package of which pensions is just one very important aspect. The consultants are now providing employers with a complete employee benefit consultation service covering such items as permanent health schemes, hospital schemes and even dealing with house purchase schemes for employees.

Finally, the Society of Pension Consultants, which comprises the insurance broking companies offering pension consultancy services, is now one of the main pillars of the pensions industry. It puts forward the views of its members to the Government and Government departments on many pension subjects and its views are regularly sought by the Government. Recent years have been busy ones for the Society and the coming years are likely to be just as busy with more legislation in the pipeline. The Society can take credit along with the other main representatives of the pension industry in ensuring that the proposed working partnership between State and occupational schemes is going to be more than mere words and that the defects in the Government's original proposals have been removed.

**Eric Short**

## Pension

CONTINUED FROM PREVIOUS PAGE

to prepare the continuous slides or film. The product has been available for some time and there has been a steady demand for hire of the presentation. This consultancy has also been to the fore in the preparation of films for clients that explain the company's own particular pension scheme.

Other pension consultants have entered this field with their own version of visual presentation to explain the new State scheme. Most viewings take at least 20 minutes—a reflection of the complexities of the scheme and the need to explain certain important features very carefully.

Indeed the most dramatic growth in the pensions field has been not only in providing comprehensive and adequate pension benefits, but in communicating the scheme and its benefits to employees. No longer can employers adopt a paternalistic attitude over pensions. Such provision is now looked on as a right of employees. But until recently employers did

very little to communicate those rights to the employees concerned.

But all this is changing and most employers are looking to their pension consultants to handle the communications problem. The use of computers means that regular benefit statements can be provided to employees. The consultants are now producing annual reports on the progress of the pension funds in a simple form that members can understand, as well as providing explanatory booklets describing the scheme.

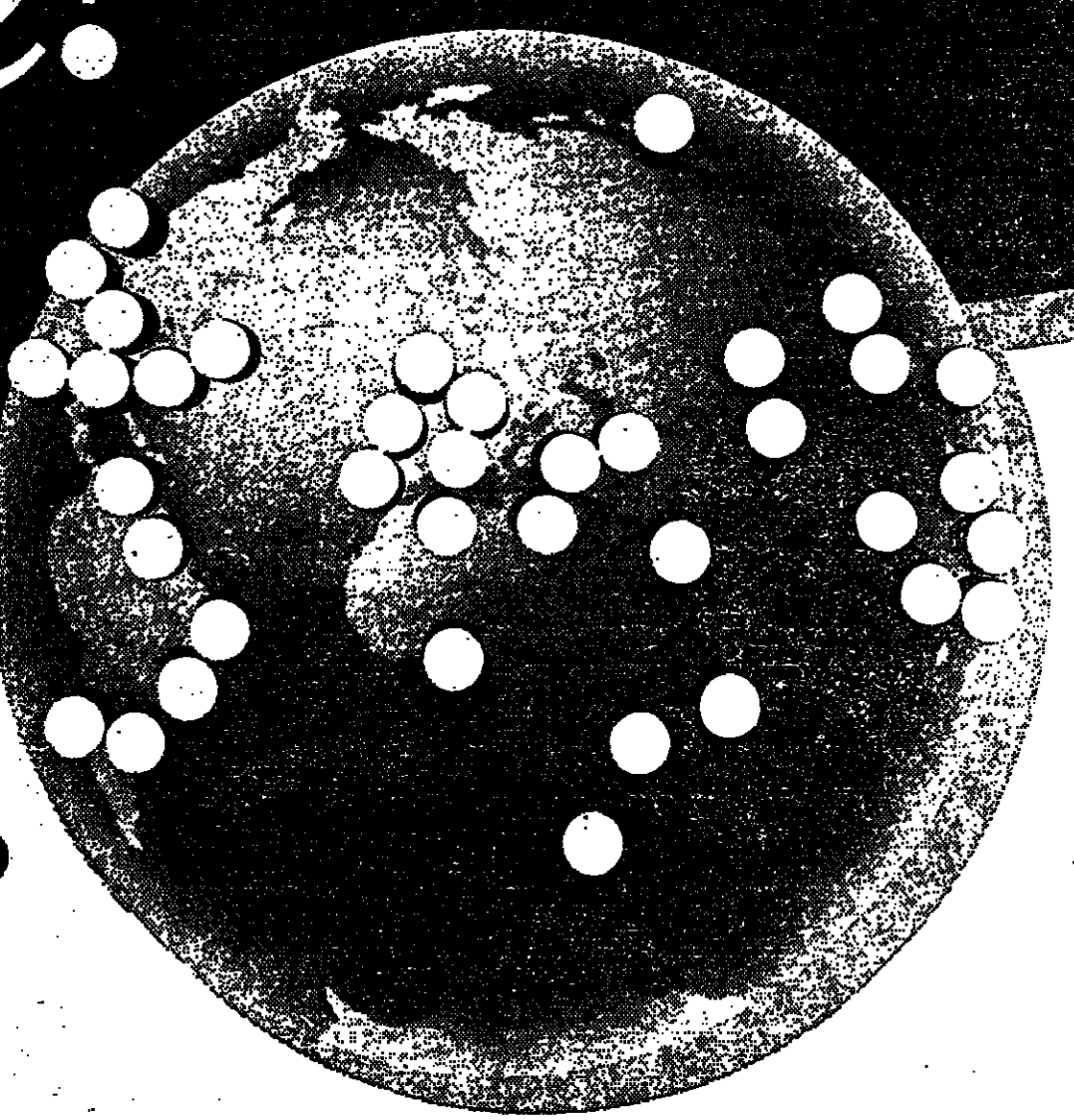
**Booklets**

Leading consultants such as Noble Lowndes, Sedgwick Forbes, Willis Faber and Leslie Godwin have devoted a lot of time and research in producing such reports and booklets and the end-product looks good. The Government's proposals for automatic benefit statements and the provision of more information for scheme members should accelerate this demand

on consultants. Conditions never remain the same, so pension schemes need periodic review to ensure that the amount of money going into the fund by way of contributions and investment income is sufficient to meet the ultimate liabilities of the fund—pension payments, death-in-service payments and so on. The consultants have not got themselves involved in investment management of the assets, although they would normally recommend the investment manager, but employers look to the consultants to monitor the investment performance.

This would usually be done on an annual basis when the whole pension scheme would be reviewed. The consultant would attend meetings with the investment manager and the trustees and discuss past performance and future strategy. After all, the success of running a pension scheme depends ultimately on the investment performance. Willis Faber goes even further and produces a regular review

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INSURANCE BROKING VI

# Slow progress in the EEC

AS SOME ONE who writes on the EEC are proportionately EEC insurance matters about low in relation to those from twice a year and has a nodding the rest of the world. A recent acquaintance with the subject, I believe from the Department of Trade on the subject said that developments over the course of any year are of the "Catch 22" variety.

First of all, proposed directives always seem to be at an intermediate stage of development, the usual feature being that they are bogged down in the European Parliament with either the French or the Germans blocking their progress.

In these circumstances, U.K. officials and experts usually depict the U.K. industry in the role of a knight in shining armour campaigning for the rightful cause of freedom. But they are aware of the animosity openly expressed and urge the need for "responsible" comment.

The second "Catch 22" feature is that a simple directive, even if it sees the light of day, is usually at best only half of the story. The rest is that the respective countries must hot drag their heels in putting through the required legislation to give the directive full effect. A further aspect is that many directives are interdependent.

### Desired

What this means is that it is very difficult to give straight answers to questions such as "if the proposed changes come about will a U.K. insurance broker be able to do business in Germany with a German client, putting any business obtained through a U.K. insurance company?" As one expert in the British Insurance Brokers Association put it: "I do not expect to see the full benefits of the changes which are now being introduced reflected in my own lifetime. These will be something for my children to enjoy." A very laudable attitude, but more immediate progress is heartily desired by the U.K. as evidenced by the recent U.K. insurance "initiative" in the EEC.

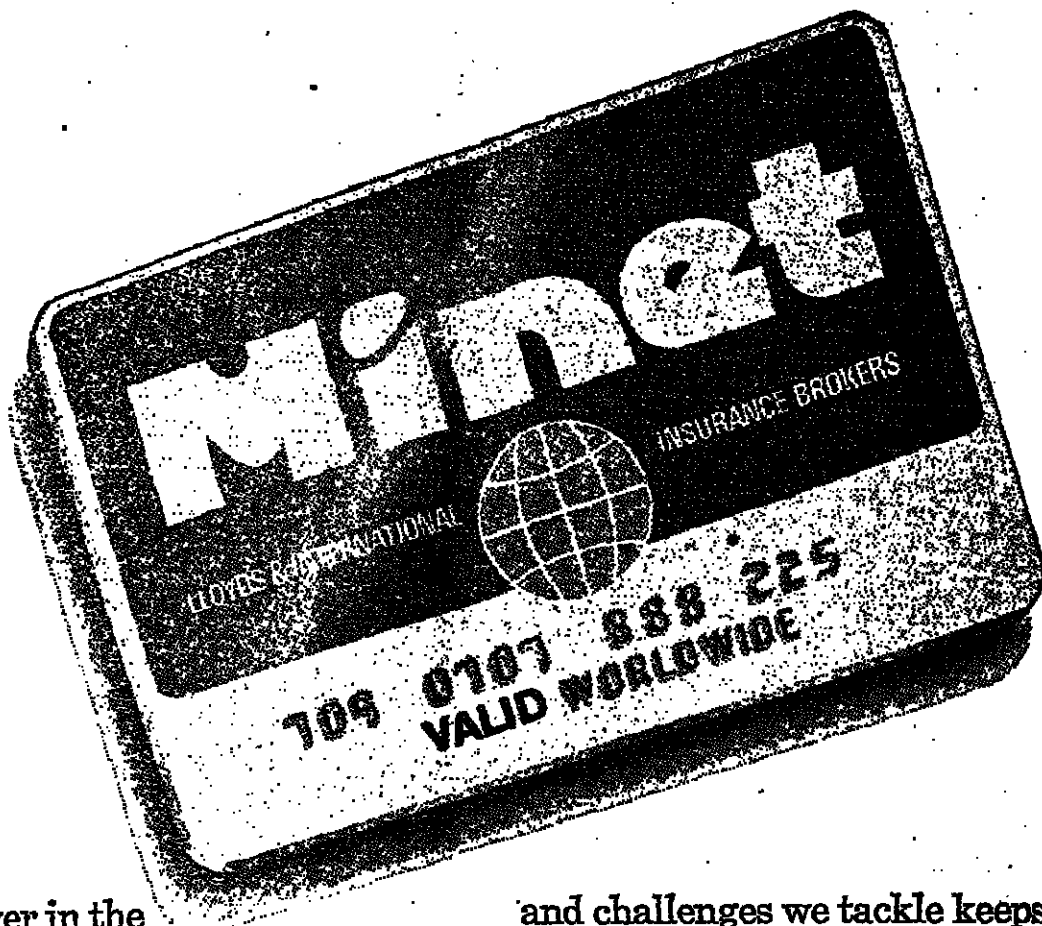
This was as a result of the concern of the British Government and the U.K. insurance industry at the lack of progress from U.K. insurers' earnings from

and can prove that they are of good repute. There are a number of extraneous details but the basis of the "experience" qualification is that the broker should have been four consecutive years in an independent or managerial capacity or has worked for comparable periods of time in insurance undertakings and/or can prove professional qualifications. The key to all this is a certificate of experience which in the case of the U.K. will be issued by the Department of Trade, Certificate of Experience Unit, Europe, Industry and Technology Division, 1, Victoria Street, London SW1. Telephone number 01-215 7877.

### Blessing

Remembering the "Catch 22" nature of insurance directives does this mean that U.K. insurance brokers will have all the freedom they want when they go into Europe? The answer is "not quite," but the intermediaries service directive has the blessing of the U.K. insurance industry and is regarded as a directive which "will stand in its own right." The reason for this is that the market for British insurance brokers is already very international and it is very important, especially for the big brokers, to be able to go to countries like Germany and to offer services in the local market. The directive has also provided a framework for laying down registration requirements for the U.K. broking industry—previously something which was very much lacking.

Christie



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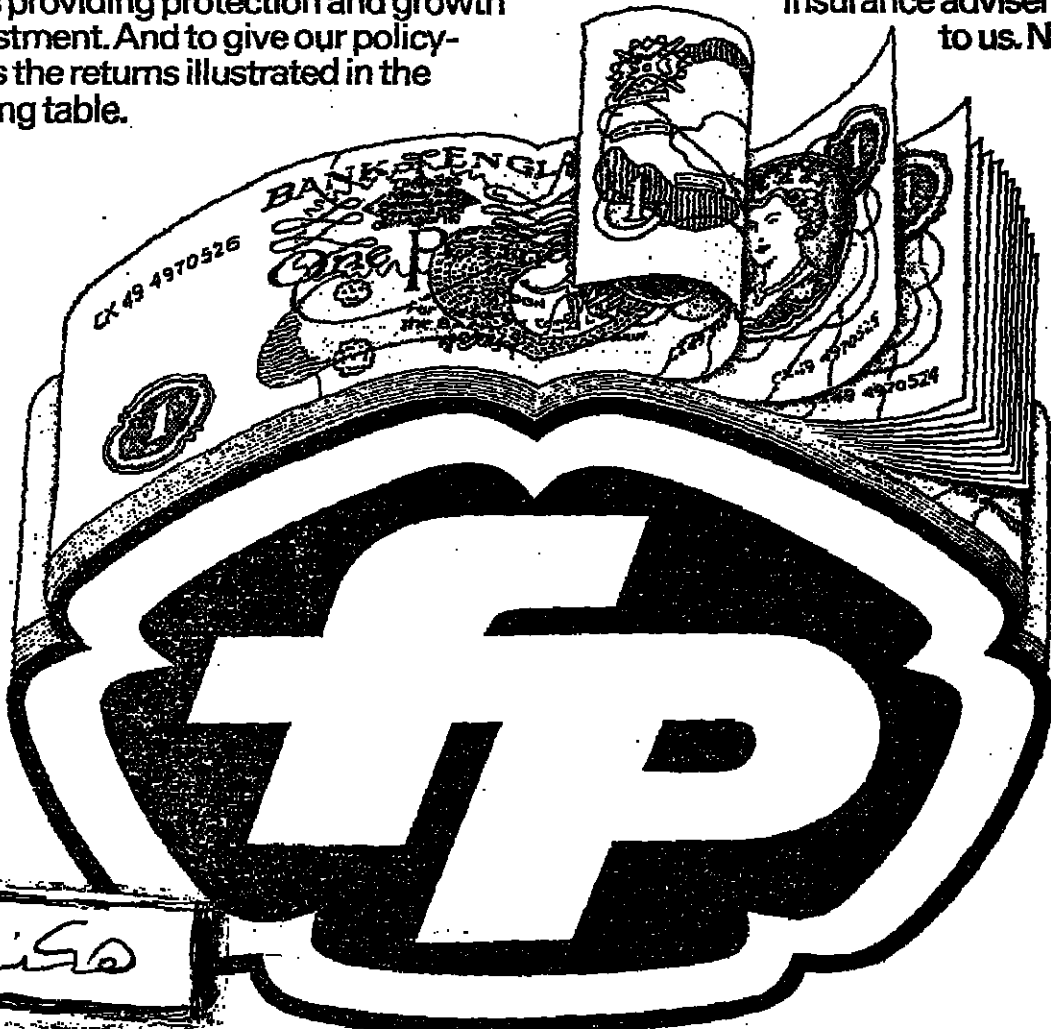
EXAMPLES OF RESULTS ACHIEVED BY FRIENDS' POLICYHOLDERS

Policy effected in January	Total premiums paid after tax relief	Amount paid out in January 1977
1967	£957	£1559
1962	£891	£1855
1957	£882	£2188
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These figures are based on a policy, due to mature in January 1977, taken out by a man aged 28 next birthday who obtained full tax relief on the premiums. The original sum assured was £1,000.

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## Scrutinising the risks

THE TERM risk management does not pay to be too greedy and he would probably claim, therefore, that the consultants accept it as a valuable management concept—others as a deduction premium is without foundation. He would probably add that the consultant merely exchanges cash for cash in the form of saved premiums.

### Reduced

But whichever view you support, there can be little doubt that managements in general have become increasingly aware of risk management. The consultants have undoubtedly accelerated this awareness but it is also true that the reasons are not always that risk management is recognised as a valuable tool for management, but more a way in which insurance premiums can be reduced. In other words, the consultants realise that the only way in which they can make progress is to demonstrate that there is a tangible benefit in the form of a cash saving.

The theory of risk management is therefore not always appreciated. The whole idea is to eliminate risk but it is very difficult to demonstrate to any other than the most enlightened corporations that, had they not taken such a course of action, they would have had a fire, or could have lost all of their executives travelling on one jet; or lost market position because of perhaps a temporary hold-up in production or the breakdown of a supplier from an outside components manufacturer. The areas of risk are almost endless.

New areas of risk to corporations are coming along all the time, some in the form of legislation, some in new materials. The Health and Safety at Work Act falls into the first category and woe betide any management that is not conversant with the details of that particular piece of legislation. The whole responsibility for the safety of employees falls on the management.

The use of new materials can be a major factor, too, since while a new fabric or building

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# Expertise in reinsurance

MOST PEOPLE appreciate the need for insurance when it is explained to them and the financial consequences of a disaster pointed out, even if any of them do nothing about subsequently. Their philosophy generally takes the form that it cannot happen to them, it if catastrophe does strike, individuals and their families are usually the only ones to suffer financial hardship. With insurers, however, the position is very different.

## Exposure

In the present age the growth of scientific and technological development has resulted in values of projects rising dramatically. This is the age of the jumbo risk, both absolutely and as an overall proportion of the total premium income. Insurers are having to face a greater degree of exposure both with risks that they already understand and also with new risks about which they only have scanty knowledge and experience and of subsequent loss trends. This growth and uncertainty makes it even more essential for risks to be spread throughout the world insurance markets.

The other phenomenon affecting insurance is the growth in world-wide nationalism, very much manifest in the emerging countries. This is resulting in the establishment of local and national insurance industries often before the countries concerned are sufficiently developed financially to justify such establishments and before they have the necessary pool of expertise. These companies have to seek the reinsurance of a large proportion of the business taken on their books. These are just two dominant factors being put forward for regarding reinsurance as being the major growth area of the future in the British insurance industry. Several leading figures in the U.K. insurance industry have emphasised this fact and it was the theme of Mr. Julius Neave, general manager of Mercantile and General Reinsurance Company, in his presidential address to the Chartered Insurance Institute. The big risks are being spread throughout the world insurance markets and the recently formed local insurance industries are looking to London for reinsurance facilities, whereas previously London would be writing the direct reinsurance.

In such circumstances U.K. reinsurance brokers, specialising entirely in reinsurance, have a vital role to play in future development. Reinsurance is placed across national frontiers much more than is direct insurance. It is a role that very much needs the expert who knows intimately all the world insurance centres. The reinsurance underwriter does not normally go actively looking for business. It comes to him either direct from an insurer or now with growing frequency through a reinsurance broker.

In this respect U.K. reinsurance brokers are ideally placed to handle this growing volume of business. They are based right at the heart of one of the world's major insurance markets, London, but they also deal with all the other world centres and thus have the international experience so necessary to operate in the reinsurance market. Insurers often do not have this expertise and they would need the services of a broker if they wanted to place any reinsurance at Lloyd's. There are several methods of deciding how much of the risk is to be retained by the insurer and how much is to be reinsured. The subject is highly technical and as such has developed its own language that means very little to the outsider. Expressions such as excess loss, treaty, facultative, proportionate and non-proportionate each describe a certain type of method of reinsurance. But basically these are just methods of ensuring that the insurer never carries in his portfolio an overall risk greater than his capital base can support; he must always keep a watch on this level, otherwise he is putting his solvency in danger. Any amount over this limit should be reinsured and since business is continually changing, with some risks coming on the books and others going off, the insurer wants the reinsurance in relation to his overall portfolio to be an automatic process, with limits subject to periodic review as his capital base grows. This is done by treaty arrangements with various reinsurers.

The reinsurance broker is the specialist in arranging such treaties and in dealing with their renewal. He can advise insurers on retention levels, on the terms for reinsurance and in negotiating with reinsurers throughout the world for participation in the treaties. The reinsurers will automatically accept the risk from the insurer above a certain limit with a minimum of formality and administration. Such arrangements are essential if the insurer is to be freed to get on with his business of underwriting direct risks placed before him without having to worry overmuch about getting the necessary reinsurance. It keeps the wheels which operate the insurance industry well oiled. The insurer does not want to waste a lot of time in seeking repetitive reinsurance facilities. The position is somewhat different with the bigger and more selective risks. Here reinsurance takes the form of a one-off exercise. The insurer has to decide how much of the portfolio an overall risk greater than his capital base can support; he must always keep a watch on this level, otherwise he is putting his solvency in danger. Any amount over this limit should be reinsured and since business is continually changing, with some risks coming on the books and others going off, the insurer wants the reinsurance in relation to his overall portfolio to be an automatic process, with limits subject to periodic review as his capital base grows. This is done by treaty arrangements with various reinsurers.

The London insurance market has coped very well with the problems of sterling and inflation, but once doubts have been created in the insurance world, it is difficult to eradicate them. The reinsurance brokers' task would be made easier—and they are responsible for much of the overseas earnings of the industry—if the Government helped rather than hindered them. The reinsurance brokers are forming a new organisation within the framework of the British Insurance Brokers Association to present their particular views in the insurance sector. This will replace the old Reinsurance Brokers Association which was recently wound up, following the moves to rationalise the insurance broking sector. Their views need to be presented forcibly to a Government that still regards insurance brokers as selling merely motor and life policies to the public.

Eric Short

# Dealings with the public

CONSUMER leans very heavily on the expertise of the insurance broker. Insurance is, after all, a very complex subject where there are numerous facts to fit most needs. Understandably, the general public's knowledge of what insurance is, how to take it, and when to take it, is somewhat limited. Insurance brokers have a definite responsibility and a positive role to play in the world of insurance.

The smaller dedicated broker, however, will probably be willing to satisfy the needs of the client in all the aspects of insurance including claims, despite the fact that the commission rate may be minimal. The attitude is more long-term, the idea being that a satisfied customer will bring in other business both for himself and by reputation. But here the broker would probably have a sound background in the field of insurance accumulated over a number of years. It is the unskilled outsider that gives the industry a bad image. It is a known fact that anybody can start up a business and call themselves a broker. Expertise here is bound to be lacking and this in turn leads to the major falling out of the sector.

These "outsiders" can easily convince the public that they have special qualities and a general awareness of the insurance market and its products, since the consumer is dependent on the advice and good faith of the broker. Lack of expertise could mean that the consumer is sold a more expensive policy which anyway may not even fit his needs. In some cases the broker may have certain links with one particular insurance company and this not only limits the range of products available but also means that the consumer is not getting the impartial service that is required. A survey conducted by the Consumers Association a year or so ago showed quite clearly that the public was being sold the wrong type of policy. Out of 500 CA members two out of three sold a more expensive policy than they needed.

Since that survey the Life Offices Association has changed the system of commissions to overcome this problem of the consumer being sold a more expensive product. Since October last year commissions have been calculated on the annual premiums and not the sum assured. For endowment policies the companies are paying 2 1/2 per cent of the annual premium with a maximum of 40 per cent of the first year's sum and up to 90 per cent for whole life. On a fixed term basis that need a lot of policy the insurers are paying out. This of course is 10 per cent of the premiums relevant in claims, which for each year of the policy

entail a fair amount of paper subject to a maximum of six years or 60 per cent, but no renewal commissions will be paid. The Life Offices Association felt that this scale of charges would lead to a more impartial service and, additionally, that there would be no increase in the cost of the insurance or any cut in the surrender value. While these new commission rates will improve the position in the short-term policy at the expense of the long-term policies, which in turn could result to a significant switch to the more favourable end, they must be seen as a useful step in the right direction.

Concern  
The new regulation of insurance brokers will of course go much further in eliminating the areas of public concern. As the Consultative Document points out, any scheme for the regulation of insurance brokers must take due account of the causes of public concern. Some of the problems would be eliminated by the fact that only brokers that are able to maintain a proper standard of conduct and efficiency will be allowed to call themselves brokers. If the standard of broking is improved, and under these measures this must surely be the case, then bad or incompetent advice will start to be eliminated. Legislation must also take effect in particular the relationship between the intermediary and insurer or the use of unauthorised insurers. Equally some policing of capital structures will overcome the problem of financial failure. A rigid code of conduct, covering such areas as advice and terms of trade, has been included in the Consultative Document. Clearly much has been done over the past year or so by the insurance brokers themselves to improve the standard of business with the general public. In the interests of the consumer the Association must be given every encouragement to ensure that the standards of conduct laid down in the document are maintained. After all, as it points out, "the essential requirement in the interests of the insurance industry as a whole is at the end of the day the insured should feel that he has been fairly treated."

## Concern

David Wright

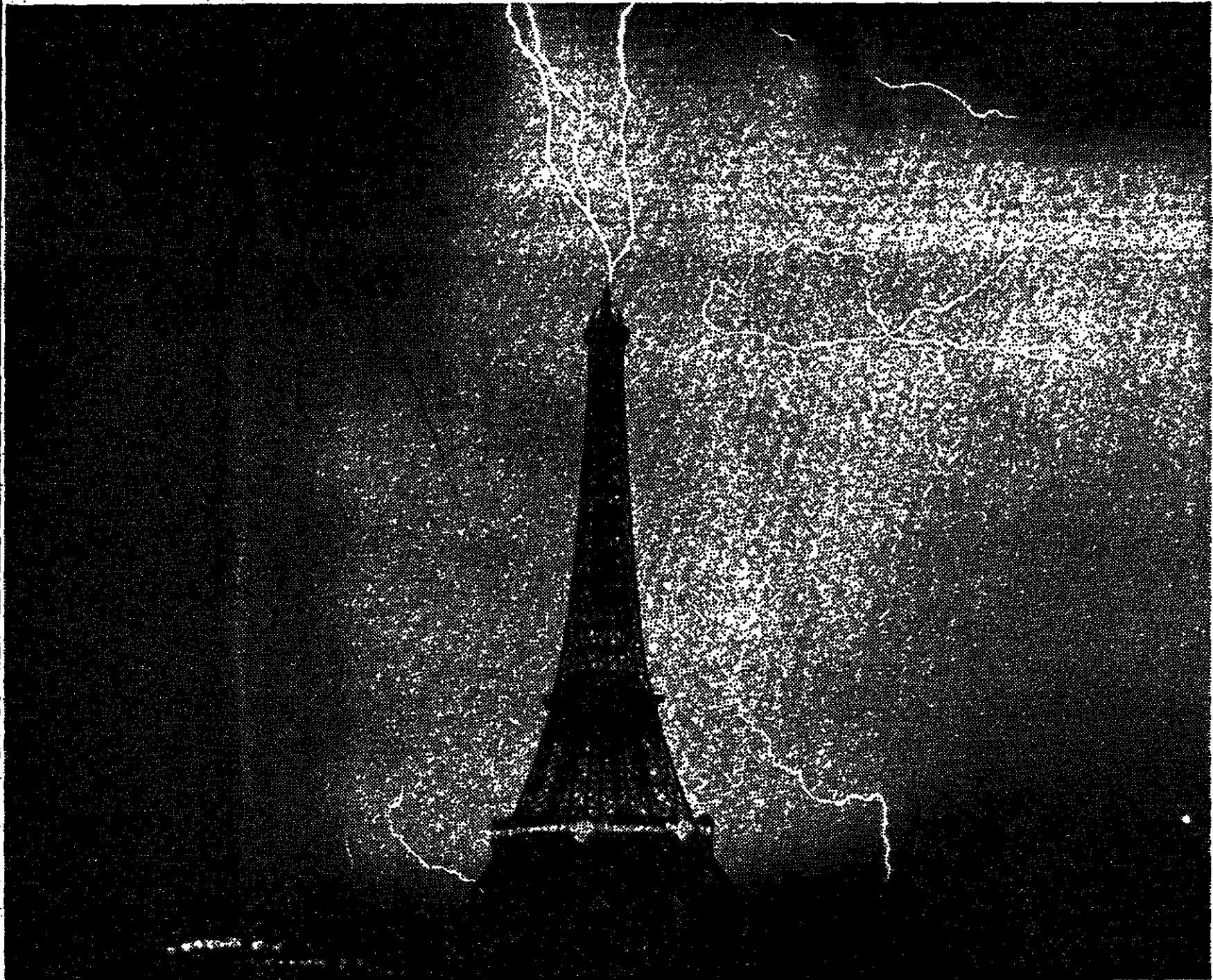
trying  
The broker is greatly affected on economical grounds what he can offer in the form of advice. Costs are extremely worrying and where commission rates are minimal the broker naturally has to put in the time and effort put into that particular inquiry. Policies cover such as house insurance are two premiums with a maximum of 40 per cent of the first year's sum and up to 90 per cent for whole life. On a fixed term basis that need a lot of policy the insurers are paying out. This of course is 10 per cent of the premiums relevant in claims, which for each year of the policy

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# Small brokers' status

# Institutional involvement

VIEWED from the outside the insurance broking field has always seemed to be remarkably confused, with several broking associations and a big rift between the "big" and "small" brokers. As most people know by now, there are no qualifications necessary for a potential insurance broker at the moment and, as the story goes, anyone can put a brass plate up and sell the whole spectrum of insurance—life assurance and affiliated products.

Because of this—and the troubles with life assurance products in 1974 and 1975—insurance broking has nothing like the standing of the legal or accountancy professions. Indeed the harsh view of an insurance broker is that he is a man who "independently" sells the product of the insurance company which pays the most commission.

But insurance brokers strongly resist this contention, saying that they do their best to give the client the advice which is in his best interests within the parameter that it is

difficult to charge the client a fee for independent advice. That insurance is sold not bought is part of the folklore of the U.K. insurance industry.

In this respect the rift between the "big" and "small" brokers is that the "big" do regard themselves as the real professionals and part of the City Establishment. After all, London is still the insurance capital of the world and the insurance brokers people tend to have heard of are the likes of Willis Faber and C. T. Bowring who conduct an international business. These would regard themselves as poles apart from the small broker in Cleethorpes or Brighton and would reckon they are capable of giving a more expert service within their own range of business.

## Niche

But the big broker is mainly situated in London and would not pretend to be readily available to the ordinary man in the neighbourhood who goes seeking personal advice about his financial problems. This is where the "small" broker

probably does find his niche, in that he can afford to spend more time with the individual and his cost structures are more adapted to smaller business. But because of the lack of regulation for insurance brokers it is difficult for the individual to sort out the "good" broker from the "sharp practitioner" and this has been a growing source of concern for many.

It is also difficult to pinpoint exactly what a "small" broker is. The average view is that he is someone who is someone in the High Street next to the garage and the fish shop with a neon sign saying "all branches of insurance, etc." plus some yellowing posters for building societies and single premium bonds. However, a couple of "small" brokers I met recently certainly do not regard themselves as being in this category and reckon that the essential difference between themselves and the "big" brokers is that they do not have any international business. But they do employ a fair number of staff (up to 50) and operate on a county scale — one even

said that he had a fair amount of national business, having once had his offices in central London.

The scope of business of the small broker also varies considerably, for while one said that commercial and industrial business represented quite a large slice of his bread and butter (local companies needing insurance cover) the other reckoned that the major part of his business was in personal protection, with investment business and pensions forming the jam on the top.

Of course the main criticism of the small broker tends to be that he does not have the expertise—let alone the inclination—to keep abreast of developments in insurance and relies on a few well-worn sources in insurance companies to keep him up to the mark with information to feed the client. This is especially the case in life assurance, where the number of products has expanded greatly over the past decade and a considerable degree of tax knowledge is required in order to give the client the best possible deal in accordance with his circumstances.

This is why some people would like to see a firm differentiation between brokers allowed to sell general business and those licensed to give life assurance advice. Holland, for instance, is one country which already has an elaborate system of licensing along these lines but inevitably brokers in the U.K. are not keen on anything which might limit their freedom to transact all classes of business.

But what the two "small" brokers I spoke to did say was that they were careful not to get out of their depth with life assurance advice. They said what they mainly sold was "protection," which they fully understood, and they were prepared to leave anything complicated—such as investment, tax advice or school fees—to the specialist.

In this context they were very concerned that other specialists should not muscle in on their field and they felt that it would be a good thing if solicitors and accountants stuck to their own last and did not attempt to hog insurance business.

Where they felt most at home

Keith Lewis

in the field of the individual was that they could give him a personal service on his total insurance needs and both said that they could score over the big broker in this sphere. For example, on the complicated subject of home and contents insurance they could tell the individual what all the small print meant and what was best suited to his needs. Deal with a big broker and this usually means writing a letter and getting a brochure with a covering letter in reply. One broker said that much of his business was done in the evening as well as during office hours and he was fully prepared to go to a client's home and to explain everything by the fireside.

## Quality

Whereas many small brokers are reputed to be less than keen on the Insurance Brokers (Registration) Bill, these two brokers felt that registration could only be of benefit to them because it would ensure that any member of the public knew that they were fully-pledged and experienced brokers. To qualify for registration brokers have to satisfy a time qualification, to have adequate working capital, keep proper accounts and to have professional indemnity protection. Those who qualify go on a published register and there will be a disciplinary committee of the Insurance Brokers' Registration Council to adjudicate on any breaches of professional conduct. However, the only real teeth will be the ability to strike the offender off the register.

Deregistration may not sound very much but it could do a lot of good to maintain standards once registration really gets into swing. Rather as with a good club, people will do a lot to avoid getting blackballed for misconduct. This is the essence of self-regulation and the climate is more receptive than once was the case. Perhaps the biggest change that has come over the "good" small broker in recent years is that he realises that there is more competition around (from the banks especially) and that to survive long-term the broking business needs to have a good name.

Christopher Hill

INSTITUTIONAL involvement in insurance broking has been highlighted in the last few months as seldom before. The main focus of public interest has been on the building societies, first because of the voluntary agreement worked out between the societies and the Office of Fair Trading, which had been plainly critical of some practices within the movement. Later there was further questioning of the principle of the societies passing on no benefit from their commissions, particularly where they would receive a rising income from index-linked contracts.

While these issues were getting a public airing, with some of the heat only to be expected when mortgage rates are at record levels, within the industry rumblings continued about the aggressive posture of clearing banks in the broking field. Some brokers see the banks as unfair competition, with strings attached to loans to ensure clients' insurance business goes through the banks. The banks maintain that any broking profits can be so minimal compared with banking income that charges of maximising broking profits are ridiculous. What they are aggressive about, they say, is improving their all-round financial service, with broking just one aspect of this.

The potential is certainly there. Barclays Insurance Services Company last year formed a subsidiary as a member of Lloyd's and Mr. R. Beacroft, a BISCO director, says that the company, after seven years, is "ready to make the big leap forward into big corporate business." The rewards, while minimal in relation to total bank profits, are fast growing, with BISCO profits aimed at £2m. this year against £150,000 last year.

So the institutional involvement in broking, concentrated in the building societies and banks, breaks down into two issues—the consumer's interest in relation to insurance tied to mortgages; and the broking industry's interest in competing with the banks.

On the consumer point, what the Office of Fair Trading said it had heard were many complaints about how some build-

ing societies had acted in connection with endowment mortgages and, in particular, Mr. Williams.

The agreement reached between the OFT and the societies is that the societies should not expect to share in endowment commission when an applicant for a mortgage has arranged an endowment policy independently of, and before the mortgage application. Otherwise, sharing commissions is permissible.

Apart from insisting, as it is bound to do, on the principle of choice for the consumer, what the OFT was aiming at in these discussions with the BSA related to a "small group of societies. There were undoubtedly some small societies with strong links with particular insurance companies and those companies tended to be those paying above-average commissions.

The larger societies could take the view that, in the words of Mr. Leonard Williams, chief general manager of the Nationwide Building Society, the consumer lobby "tends to assume that organisations like us are out to do the borrower," and that, on the question of offering choice, the lobbyists assume consumers know exactly what they want. To offer too wide a choice in insurance cover only leads to confusion.

## Leverage

Mr. Williams argues that the societies can produce a service to borrowers which justifies keeping the full commission income. For instance, on house insurance the leverage a society with £500m. of total insurances with a company can apply is beneficial in settling claims (he quotes the subsidence claims of the past year as a particular point).

What is clear in this argument is that the societies bear quite heavy administrative costs in handling insurance, and that if they were to pass on some of the commission benefit to borrowers, then the income would have to be replaced somewhere else.

Nationwide's case the loss of its £8m. commission income, from

a total income in 1976, would be "embarrassing," Mr. Williams.

Whether the consumer gains any further ground between the societies and the brokers has not yet been settled, following a furor caused by the Building Society's "let of Masterplan. The far more clear-cut in the banks incursion of consumer rights is a major importance. It were positive evidence banks were making a conditional selling-ance business, no less this arise.

What had tradition a bank manager's perhaps to "pay for a holiday, disappeared super-market concept of the late 1960s. All in to some degree, it deeper into insurance over agencies from managers and treat new service, such as leasing or the increase on executor business.

In theory the bank ideally placed to sell "Practically every transaction has a connotation," says Mr. so that with bank staff acting as the fact, and then passing on to the insurer; specialists, the possibilities.

But in reality the banks' commission running well under incentive to refer an inquiry is not the gain is only a commission to the branch's profit account, rather than the branch's pocket. While a branch may have to concentrate on "insure larger ones, with accounts are held, by pure banking to oblige more than a idea, with a related many people and panies to put all the service requirement.

Quentin G

# Risks

CONTINUED FROM PAGE VI

material or whatever may have some wonderful properties and look better, how it behaves under various conditions may cause a problem. The Summerland fire, for example, was a classic example of someone not properly understanding the highly inflammable nature of the materials used.

In order to grasp all these various problems it is normal for the consultancies and the large broking firms to either employ, or have access to highly qualified people in a number of areas. There will undoubtedly be an insurance expert in the pack, but there will also be chemists, metallurgists, industrial hygienists, engineers, fire specialists and lawyers who can be brought in to complete a survey on almost any category of firm.

Many of the large multinational corporations have, of

course, been aware of the risk problems for years and even employ their own risk managers—and, in some cases, risk management departments. In America, risk management has been in existence as a management concept for over 30 years. Certain sectors of industry are also acutely aware of the risk problems, notably those with the most to lose and those who can have the most horrific accidents—for example, the oil and chemical industries. There are also those companies which operate in high risk political areas throughout the world, and whose businesses may stand the risk of being expropriated at any time by the foreign State.

It is really the small to medium-sized companies that are most difficult to convince, those which are unused to paying for services, to critical self-analysis and the use of modern

management techniques. Considerable efforts are being made, however, to bring the message home. For example, the Association of Insurance and Risk Managers in Industry and Commerce (AIRMIC) is holding an educational conference in May at which Mr. Bill Simpson, the chairman of the Health and Safety Commission, will be answering the question of whether the new Act works in practice. A safety adviser from ICI will be appearing, along with a number of other experts in a variety of fields.

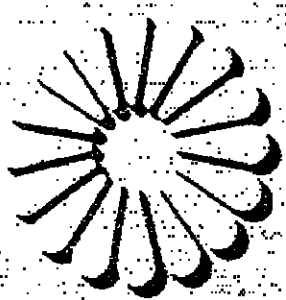
The idea of risk management, whether you look at the subject through the eyes of the traditional insurance broker or the new breed of consultant, merits consideration if only on financial rather than social grounds.

Keith Lewis

# For those who cannot afford to take chances

As your business grows the worries multiply, so it's sensible to find an insurance broker with a staff of experts who will identify the risks you are running and advise you on how to minimise them. The broker should have access to worldwide insurance markets so that he can arrange cover for the hazards that cannot be eliminated.

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BY SAMUEL BRITTON

ECONOMIC VIEWPOINT

Mr. Healey's invisible conditions

NEW THINGS look less already about 1.3m. or 5.6 per cent. and when the arithmetic of the Treasury forecasts implies a further rise in unemployment of a good 300,000 on the most generous interpretation of the job creation measure...

in the same or 3 per cent. on net pay; but this ratio. For he would know that if he has a pay increase which no more than kept up with the rate of inflation...

them of room for manoeuvre. But it is seriously argued that the Chancellor is deprived of manoeuvre in setting the VAT rates because VAT, as an ad valorem tax, is automatically indexed?

COMPOSITION OF THE BURDEN OF TAXATION 1970-1978

Table with columns: Financial year, Taxes on personal income, Taxes on companies, Miscellaneous, Em-ployees NIC, Total direct tax, Customs & Excise, Local rates, Em-ployers NIC, Total indirect tax. Rows for years 1970-71 to 1977-78.

All figures are percentages of total Public Sector Tax and NI Receipts. Source: Treasury, 1977-78 figures based on Financial Statement.

Consider what a refusal of a conditional relief would mean. With a fixed limit to the growth of the money supply and a fixed public sector borrowing requirement, an acceleration of wage increases and price trade unionists out jobs. With 9 to 15 per cent. supply growth and a 3 per cent. increase in hourly rates, or the present rate, would cause unemployment again the 1977-78 bargaining season. But at this stage of the argument, it is the principle rather than the detailed matters which counts.

Shadow boxing

Nevertheless, it is extremely unlikely that the TUC will wish to humiliate the Chancellor and jeopardise sterling in a possible pre-election period. The TUC will have every incentive to offer Mr. Healey a piece of paper to save his face; and Mr. Healey will have every incentive to accept—a little shadow boxing—whatever he can get.

and to take power to freeze par-ticular prices in still unspecified circumstances. No political maxim has done Labour leaders more harm than Jimmy Maxton's celebrated remark "If you cannot ride two horses at the same time you have no business to be in the bloody circus."

But however spurious the conditionality of the tax concessions, the reasoning with which the Treasury seeks to justify such a trade-off—for the second year in succession—is so extraordinary that it requires analysis. The main Treasury example is of a married man earning £80 a week for whom the face value of the concession is £2.07

As Treasury officials are not fools, one's conclusion must be that they feel they need a back-door method, which bypasses Parliament and most of the Cabinet, to be able to raise taxes or prevent politicians from reducing them too much; and for this benefit they are prepared to suffer all the disadvantages of the automatic erosion of the sumptuary duties, which like income tax are not indexed. Politicians who like to boast of non-existent or exaggerated tax cuts, as Mr. Healey was doing on television, form an unlikely alliance with officials on this matter.

Frustration

Another way of looking at the Treasury's example is that it illustrates the wage frustration hypothesis. If real wages are squeezed because of a deterioration in the terms of trade, a rise in the government spending proportion, or both (as in the first two Healey years), then there is liable to be a money wage explosion, which even indexation could not avoid. Thus, the Treasury arithmetic is simply pointing out that in 1977-78 this frustration will lessen.

Buy gains

Have the official advisers pondered what they are conceding? For more than 30 years we have been exhorted that excessive pay increases will bring no benefit, but only disadvantage. Now we are told that unions are already exerting

Letters to the Editor

Mortgage rates

Could the building dies afford to reduce interest by 1.75 per cent? How are they? Nationwide Building Society received £133m. in mortgage applications in 1976. It had a management surplus of £1.7m. and an excess of £1.7m. in other words there was a balance between charges and payment to borrowers. Both were crudely estimated that over £1 out of £5 paid in interest was not to repay investors in a year interest rates did not rise their present level until 1976.

Early rider

After some 25 years of travelling about 20 miles by rail to and from work in central London, I have recently switched to commuting by car, because of the present very high cost of season tickets. Driving daily is a pleasure rather than a chore. It would be, but undoubtedly there is a strong incentive to travel to work before the morning rush hour—to reduce the time and cost of the journey and (for me) to obtain one of the few all-day free parking spaces near my office.

To-day's Events

- Employment ends, Royal Lancaster Hotel, W.2. Energy Trends published. City of London's Silver Jubilee celebrations begin with Junior Schweppes (full year). Combined English Stores Group (full year). Coral Leisure Group (full year). London Brick (full year). Lucas Industries (half-year).

Problems of homelessness

The view that society is rife with "sneakers and do-wells" is commonly held whenever the issues of poverty and homelessness are raised. The chairman of the Homelessness Bill, Banstead Council, says that his role is to protect the public from the homeless. The problem is self-generated, an opinion based on ignorance of the housing crisis. Studies have shown that the same conclusion is reached from nothing more than a view of the "irresponsibility" of the difficulty in finding available housing. The housing crisis has been at the tremendous increase in homelessness in recent years. In 1975 almost 51,000 people were homeless. The Government has failed (or been reluctant) to understand the reasons for this increase and to sort out the position, except by Mr. Murden's operation of Tube trains and is pushing the method through, a host of financial, and Government regula-

Truth in lending

Mr. Michael Oppé (March 24) states that I have gained a false impression that truth-in-lending provisions are not to apply to life assurance companies, brokers and agents. He then goes on to explain that house purchase loans, and certain policy loans, will be subject to advertising and quotation regulations "expected later this year". This is not in dispute. More important is what Mr. Oppé has not said concerning the true nature of the endowment assurance where there appears to be no effective truth-in-lending proposals. It is not my wish to impose a public bureaucracy on any industry and my proposals (March 19) are intended to avoid this. My objective is a simple and unambiguous disclosure of information on the one hand, and the placing of a well worn device based on true figures but false in its effect—on the other. Since an endowment policy is a form of saving every policyholder should know the rate of interest he is getting. This is easily found by a pocket calculator but relatively few policyholders can be expected to do this themselves. If this interest rate was required to be a basic detail of policy description, when claiming tax relief on premiums, the matter would be settled. Policing of the accuracy of interest rate information would also be secured since it would be on the Inland Revenue file if misrepresentation proceedings needed to be instituted. The referred-to sales device is to quote the "average" of the variable net monthly payments, under the repayment mortgage alternative, alongside the net endowment mortgage interest plus premium payments. This invariably favours the latter, but contains a concealed false situation. The "average" cannot be faulted by verbal definition but nevertheless is about 5 per cent higher than the constant monthly net payments needed to pay off a repayment mortgage of about 25 year term.

REPUBLIC OF ICELAND

DM 50,000,000 7% Bonds due 1987 Issue Price: 100% WESTDEUTSCHE LANDESBANK GIROZENTRALE CREDIT COMMERCIAL DE FRANCE CREDIT SUISSE WHITE WELD Limited KREDIETBANK S.A. LUXEMBOURGEOISE DEN NORSKE CREDITBANK

Transport dicta

Mr. Peter Kirwan in making suggestions for saving money by London Transport (March 25) is evidently quite unaware of an old and hard pasted dictum. Suitably bowdlerised this claims that 90 per cent of passengers are petty thieves, 5 per cent vandals and the remainder too damn clever to be found out. Not a dictum to appeal to a prospective candidate who must ingratiate himself with his public such as Mr. Kirwan, nor does London Transport regard it as good public relations. Nevertheless, the dictum has proved itself true in all passenger transport modes — some say that Noah applied it when loading the Ark. On Mr. Kirwan's detailed suggestions for improving London Transport, the inspector of the tube stations is a sound business move. Without him there London Transport has shown that the takings at the booking office fall off by a far greater sum than the man's wages and overheads. Now days the lost tickets show up anywhere else. The ticketless passengers who flow through the unguarded entrance tender minimum fare on arrival at their destination and say that they have come from the next station. It is true that many underground or subway and bus systems in the world have flat-rate fare systems. It is also one of the faster ways of losing money known to man. New York City leeters on the edge of bankruptcy, and is not helped by the heavy subsidies paid out year by year to the New York City Transit Authority which operate flat-rate fares. The latter had an operating deficit of \$402.2m. for the year ending 1975, for example. One-man operation of buses does not work in central London because of traffic delays while fares are collected. London Transport is introducing one-man operation of Tube trains and is pushing the method through, a host of financial, and Government regula-

Milk and mail charges

Mr. Gray (March 29) is obviously aware that figures can be made to prove anything. In 1987 the man on the average £3 per week would have paid 0p per week income tax. Using Mr. Gray's formula the man on the average £60 per week to-day should be paying 20 times 0p per week income tax. P. Stark, Highlands, 276, South Road, Woking, Surrey.

Driving hours

Mr. D. Quinn states that the implementation of EEC regulations covering drivers' hours could increase labour costs in the U.K. by up to 50 per cent and that it would be impossible to find the additional drivers. Mr. Quinn omits to mention that the EEC regulations, which this country is flouting, apply only to those passenger service vehicles which are not on scheduled services. This immediately exempts almost all urban and inter-city passenger vehicles N. H. Wild, Orchard House, 79, Penn Road, Knotty Green, Beaconsfield, Bucks.

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After some 25 years of travelling about 20 miles by rail to and from work in central London, I have recently switched to commuting by car, because of the present very high cost of season tickets. Driving daily is a pleasure rather than a chore. It would be, but undoubtedly there is a strong incentive to travel to work before the morning rush hour—to reduce the time and cost of the journey and (for me) to obtain one of the few all-day free parking spaces near my office. On the other hand, British Rail offers no such incentive to commuters to travel to work before the morning rush hour. Cheap day return tickets—unlike the former "workman's ticket"—apply only to travel after the morning rush hour. They do not have season tickets to arrive at their offices late rather than early, should they make the journey to work sometimes by train. May I urge that British Rail should re-introduce a cheap ticket for early morning travel? I at least would probably go back to commuting by rail on some days if they did so. Apart from considerations of revenue, it cannot be socially right for British Rail to adopt a pricing policy which encourages commuters to use their cars for travelling to and from central London, and which encourages late travelling to work by train. C. T. Rivington, The Flint House, Great Amwell, Ware, Herts.

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COMPANY NEWS + COMMENT

Record £6.1m. by Slough Estates

IN 1976 the taxable profit of Slough Estates improved by £0.7m. to £6.0m. As a result of new lettings, reversions and rent reviews U.K. rental income rose from £6.7m. to £8.8m. and overseas rental income was up from £2.8m. to £4.0m.

HIGHLIGHTS

Lex takes a look at the market with glits more than £3 higher on the back of the falling trend in interest rates. On the company front Tubes has turned in a strong second-half performance while House of Fraser had a better than expected fourth quarter with volume up and margins wider.

Net asset value per share at March 30, 1977 was 132p. The first phase of the Aberdeen estate, amounting to 67,000 sq ft has been completed and fully let.

The dividend total is raised by the maximum permitted from 0.3114p to 0.2425p with a final 11.2677p, compared with 11.2457p net per 5p share.

Schroders £0.4m. slip to £2.21m.

PROFIT OF Schroders Ltd. and the non-banking subsidiaries rose from £0.29m. to £0.63m. in 1976, but after share of net loss of associates of £1.23m. against profit of £0.24m., disclosed consolidated profit of Schroders slipped from £3.66m. to £2.21m.

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profit of Burns Anderson was little changed at £201,130 against £202,194, on sales ahead by £1.8m. at £7.5m.

The interm dividend is maintained at 0.39p net per 10p share absorbing £19,189 (same). Last year payments to shareholders were paid from profit of £410,000.

After tax of £105,000 (same) the net amount attributable was £96,130 (£97,194).

The subsidiary, Melvin Electric, which showed a loss in the year to June 30, 1976, due to stock clearance price cutting in the trade, has now returned to a normal profitability.

The company's interests include building development, motor vehicle distribution, property investment and shopping.

Turnover advanced from £28.31m. to £31.09m. Profit was £2.87m. after depreciation up from £0.87m. to £0.96m., lower interest charges of £7,016 (£20,161) and profit from the associate down from £17,328 to £14,291.

Net profit emerges at £0.91m. (£0.96m.) before extraordinary dividend of £0.1m. (£0.12m.). Total profit is £1.01m. (£1.08m.).

Best figures were achieved in contract building, civil engineering and in plant hire and sales (the latter due to increased overseas business), but profits were lower over the year.

Due to the moratorium imposed by the Government on most public sector work, construction will again be intense in 1977 and the maintenance of profit in the U.K. will be difficult, say the directors.

An 18 per cent. downturn in second-half profits leaves Tubury's full-year pre-tax level 3 per cent. lower and below £0.3m. before tax.

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DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date of payment, Current payment, Total for year, Total last year.

£4.72m. by Pearl Assurance

A net profit increase from £3.81m. to £4.72m. is disclosed by Pearl Assurance Company for 1976 and dividend total is 11.2677p, compared with 11.2457p net per 5p share.

Including £6.61m. (£5.23m.) net credit for part of the unrealised appreciation of investments in the life branch surplus of £40,600 against £37,63m. and the policyholders' bonus comes to £36.61m. (£33.20m.).

The general branch underwriting loss has been cut from £0.53m. to £0.23m. and investment income is up from £2.7m. to £3.19m.

Long-term funds amount to £2.95m. (£3.36m.). In the general branch short-term profit total is £2.63m. (£2.50m.) loss and marine, aviation and transport incurred a loss of £0.1m. (£0.05m. profit).

Shareholders' investment and other income, less expenses and tax, is £2.2m. against £2.53m. in the general branch there was a considerable reduction in the overseas underwriting loss but the impact of this on the worldwide account was lessened by a deterioration in U.K. underwriting results, say the directors.

The domestic property account was badly affected by storm and subsidence claims and the sub-branch showed an underwriting loss more than offset a net reduction in other classes. The motor account showed an overall improvement despite very poor claims experience in motor cycle business.

The Pearl has increased its reversionary bonus rate to its Ordinary branch business for 1976. For all contracts, except pension business, the new rate is 2.50 per cent. of the sum assured for policies effected within five years (1976 to 1979 inclusive) and 2.25 per cent. (£4.15) otherwise.

Pension business rates are lifted to 2.40 per cent. and 2.5 per cent. respectively (previously 2.30 and 2.40). The terminal bonus rate remains unchanged at 1 per cent. (1.2 per cent. for pension business) of the sum assured and attaching bonuses for each bonus year up to a maximum of 20 per cent. (23.4 per cent. for pension business) compared with the previous maximum of 22.1 per cent.

In the industrial branch reversionary bonus rates remain unchanged, but terminal bonus rates have been improved.

The improvement in underwriting trend for Pearl's general business continued in 1976 despite heavy claims on its domestic business holders' account arising from subsidence and storm claims. Other- wise the remaining accounts have made the improvement expected of them and a useful increase in the contribution from the life funds enabled the expected maximum dividend increase to be paid.

The yield of 8.8 per cent. on market price of 204p indicates that the market is not expecting any dramatic improvement in the future.

A TURNROUND from a pre-tax loss of £100 to a profit of £180,000 is announced by Dawny Day Group for the half year to end December, 1976. The results demonstrate a further step forward in recovery, say the directors.

Earnings of £25.9m. are shown to be 0.26p, compared with a loss of 0.1p—once again there is no interim dividend but a payment will be considered when the full results are available. Last year's only payment was 0.3p net from profits of £32,000.

For the half year trading subsidiaries contributed £44,42m. (£32,52m.) and trust activities £28,000 (£40,000). Investment banking incurred a loss of £164,000 (£174,000) and parent company expenses amounted to £119,000 (£131,000).

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Legal & General ahead by £5.3m.

AN improvement in profit of £5.3m. to £15.9m. is announced by Legal and General Assurance Society for 1976. After tax and minorities the balance emerges at £11.1m. compared with £5.8m. in 1975.

Stated earnings per 3p share are 1.19p, against 1.19p—dividend total is £1.19 (£1.19) net with a £1.1m. (£1.1m.) increase in the maximum allowed and absorbed (£5.7m.).

The main items comprising the profit are £7.7m. (£5.6m.) from pension life and annuity business, £13.6m. (£9.6m.) investment and other income on the share- holders' and short-term funds, and an underwriting loss on general insurance business of £2.7m. (£4.7m.).

The group's long-term business produced a total surplus of £92.1m. (£47.5m.) of which £46.5m. (£38.5m.) has been allocated as policyholders' bonuses and £45.6m. (£9.0m.) investment in the Managed Funds pension subsidiary and £0.9m. from its South African life subsidiary.

There was an improvement in the general insurance results in Australia, but the heavy losses from storm and subsidence claims in the U.K. have resulted in an overall underwriting loss worldwide of £2.7m. Subsidised claims in the U.K. cost £2.7m.

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Downturn at Tilbury Contracting

CIVIL engineers, building and public works contractors, Tilbury Contracting Group is looking to 1977 for conditions which will permit expansion prior to be resumed, say the directors.

For 1976, a second half drop left pre-tax profit for the year lower at £1.94m. compared with £2.05m. in the half year ahead marginally up at £1.13m. (£1.06m.).

Stated earnings per £1 share for the full year are 46.88p (£1.07p) and the final dividend is 11.2677p, making a total of £11.2677p, against 11.2457p net per 5p share.

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MONEY MARKET Interest rates fall

Bank of England Minimum Leading Rate 10 1/2 per cent. (since March 18, 1977).

Short-term fixed period interest rates fell sharply in the London money market yesterday, but 90 per cent. indicating MLR of settlement was held at 9 1/2 per cent. over the last series of gilt-edged securities.

Discount houses buying rates were 8 1/2 per cent. for three-month Treasury bills. There was a very small increase in the rate of Treasury bills to 9 1/2 per cent. from 9 1/4 per cent. on the last day of the month.

On the three-month Treasury bill market, the Bank of England's Minimum Lending Rate, which has been held at 10 1/2 per cent. since March 18, 1977, was not expected to be cut.

Day-to-day credit was in very tight supply and the Bank of England's overnight rate, which has been held at 10 1/2 per cent. since March 18, 1977, was not expected to be cut.

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The Prudential Assurance Company Limited

The unaudited results for the Prudential Group of Companies for 1976 are set out below with comparative figures for earlier years.

The Directors have declared an immediate final dividend of 3.752p per share payable on 23 June next. This, together with the interim dividend of 2.200p per share declared in September last, amounts to 5.952p. Adding an imputed tax credit at the rate of 35/65ths, the equivalent gross amount is 9.158p per share, and compares with 8.326p per share for 1975. If the rate of tax credit becomes 33/67ths, it would be the Directors' intention to declare a deferred final dividend of 0.116p per share in order to maintain the equivalent gross amount.

Table with columns: 1976, 1975, 1974, 1973. Rows: Life: Surplus, Policyholders' bonus, To Profit and Loss Account; Non-Life: Premium Income, Underwriting profit/(loss), Investment income, Taxation, To Profit and Loss Account; Profit and Loss Account: Life, Non-life, Other net income, Profit for the year, Retained profits; Dividend cost; Equivalent gross dividend per share.

Earnings per share are not appropriate for life assurance business and have not therefore been given. Figures for the Mercantile and General have been included on a current year basis.

The Shareholders' Funds of the Group as at 31 December 1976 were £100.8m. If all the shares of The Standard Trust Limited are acquired under the offer made, Shareholders' Funds would be increased by some £30m.

Bonuses on the Company's participating life and annuity business have been declared as follows:-

Table with columns: (a) Reversionary bonus, (b) Terminal bonus for policies issued in 1975 (1974) or earlier, payable on claims by death or maturity in the twelve months commencing 1 April 1977. Rows: Year of issue, 1967, 1962, 1957, 1947, 1927.

Industrial Branch Assurances (a) Reversionary bonus: £2.60% (£2.60%) (b) Terminal bonus for policies issued in 1975 (1972) or earlier payable on claims by death or maturity in the twelve months commencing 1 April 1977. (Examples shown below.)

Table with columns: Year of issue, 1967, 1962, 1957, 1947, 1927. Rows: £11.50 (£7.30), £26.70 (£21.50), £41.60 (£37.40), £68.50 (£68.20), £108.00 (£106.60).

Group Pension Business (United Kingdom) The rate of annual bonus under deferred annuity contracts has been increased to £6.50% compound (£6.00%) and under cash accumulation contracts to £4.40% compound (£3.90%).

Other Business The rates of bonus on United Kingdom personal retirement annuity plans have been increased and increases have been made in some bonus rates for overseas business.

Prudential The Prudential Assurance Co. Ltd. 142 Holborn Bars, London EC1N 2NH.

Leves shows £34,000

After the advance in pre-tax profit from £23,000 to £36,000 at half-time, double Jersey knit fabrics manufacturer remains in the red.

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Dawny Day in profit

A TURNROUND from a pre-tax loss of £100 to a profit of £180,000 is announced by Dawny Day Group for the half year to end December, 1976. The results demonstrate a further step forward in recovery, say the directors.

Earnings of £25.9m. are shown to be 0.26p, compared with a loss of 0.1p—once again there is no interim dividend but a payment will be considered when the full results are available. Last year's only payment was 0.3p net from profits of £32,000.

For the half year trading subsidiaries contributed £44,42m. (£32,52m.) and trust activities £28,000 (£40,000). Investment banking incurred a loss of £164,000 (£174,000) and parent company expenses amounted to £119,000 (£131,000).

Following the final conversion period of the 81 per cent. Con-

Following the final conversion period of the 81 per cent. Con-

Following the final conversion period of the 81 per cent. Con-

NWRe Group: Change of Underwriting Rooms. From April 4th 1977, the underwriters of Norwich Winterturk Re and Stronghold will be established in new rooms in Lime Street. The telephone number will remain the same: 01-623 5391.

NWRe Group: Change of Underwriting Rooms. 6th floor, 40 Lime Street, London EC3M 5BH. Non-marine Treaty Underwriters: A. Taylor, C. J. Ridgwell, M. F. Brown. Claims Manager: B. W. Wood. Ground floor, 37 Lime Street, London EC3M 7AY. Facultative and Direct Underwriter: I. P. Hammersley. Marine and Aviation Treaty Underwriter: B. G. Adams. Norwich Winterturk Reinsurance Corporation Limited, Stronghold Insurance Co. Limited. Head Offices: P.O. Box 62, Surrey Street, Norwich NR1 3E.

NWRe logo and contact information.



Legal & General  
Head by £5.5m

# Prudential Assurance turns in £24.5m.

Including Mercantile and General on a current year basis, net profit of The Prudential Assurance Company increased by £5.5m. to £24.5m. during 1976.

The life account contributed 13.7m. (£12m.) after paying policyholders' bonus of £196.4m. against £174.8m., and non-life £3.3m. (£3.3m.) from an increased underwriting loss of £10.2m. (£8.2m.), investment income up from £17.5m. to £21.5m. and tax £1.5m., against £4.1m.

Non-life premium income rose sharply from £223.9m. to £221.9m. stated profit amounts to £23.2m. compared with £23.2m.

At end December, 1976, shareholders' funds were £100.5m.—if the shares of The Standard trust are acquired under the offer, shareholders' funds would be increased by some £20m., to the revised state.

The net final dividend per 5p share is 3.75p making a total of 18p (5.412p) and costing £16.2m., against £14.8m.

## B. Kitchen Taylor loss £0.55m.

A PROVISION for a write down on its property stock of £800,000 pushed B. Kitchen Taylor and Co. deeper into loss in the year ended September 30, 1976, with a pre-tax deficit of £530,495 against £261,185.

Turnover declined slightly from £11.04m. to £10.7m. At balance time there was a loss of £320,371 compared with a profit of £254,149.

Less per 10p share increased to 29.31p (11.43p) and again no dividend has been announced. The last payment was of 1.75p net per 1975-74.

An extraordinary debit of £0.54m. (credit £0.13m.) which included provision against investment in the discontinued domestic appliance division at Anglowest, the results of which are not consolidated in 1976, and other group investments.

## Equity & Law ahead at £1.26m.

Net profit of Equity and Law Life Assurance Society for the year is £1.26m. for 1976 before a £14,000 decrease in the market value of assets, compared with an increase of £227,000.

A total of £253,000 (£269,000) has been brought forward from reserves giving an attributable balance of £2.2m. (£2.04m.).

Dividend per 5p share for the year is 3.58p (3.58p) and £5.425p. It is the maximum allowed and absorbs £1.2m. (£1.09m.).

Turnover for 1976-75 was £1,005,512 (£1,040,391) and profit £1,260,000 (£21,212).

Provision for 1976-75 was £1,005,512 (£1,040,391) and profit £1,260,000 (£21,212).

Joseph Beauer

# Grampian has potential for improvement

AFTER A small rise from £1.25m. to £1.20m. at half-way, pre-tax profit of Grampian Holdings increased from £2.59m. to £2.81m. for 1976, further progress was forecast.

Mr. D. C. Grier, chairman, reports that while noteworthy performances were recorded in some sectors, difficult conditions were experienced in printing, furniture and oil services. While it is still too early to forecast the outcome for the current year, he believes the group has considerable potential for advancement.

Stated earnings per 25p share for 1976 were 15.5p, compared with 14.5p—the net final dividend is 2.425p for a total of 3.925p (3.575p), the maximum permitted.

At balance time there was a profit of £1.26m. (£1.09m.).

Turnover for 1976-75 was £1,005,512 (£1,040,391) and profit £1,260,000 (£21,212).

### BOARD MEETINGS

The following companies have notified their shareholders of the date of their Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

Company	Date
Finlay—Leca Industries, I. D. and S. Rivin, Sedar.	April 3
Finlay—F. V. Holdings, Appleford, Ash and Lacy, Aurora Holdings, BBA Group, Beverat, Biterated Engineering, Briston, Cadbury Schweppes, Richard Stone, Coral Leisure, Despatch Bros., Dorada, Eria, Furbush and Barrow, I and J Hyman, International Computer, Lion, Perez Lane, Liden, London Brick, Macaulay Group, Korman, J. J. Morris, Spirax-Sarco, Swerish Match, Triplestar.	April 6
Second Broadmoor Trust	April 6
Bank of Scotland	April 6
Brook Group	April 6
Overseas Industrial	April 6
Morris, Gillingham Wall Firms	April 6
New International	April 6
Woodrow	April 6
Tork Trailer	April 6

## Thurgar Bardex progress

As expected at half-year, when pre-tax profit was up from £355 to £304,000, plastics products manufacturer Thurgar Bardex achieved higher profit in the second half to end the year at £355,555. Sales were better at £3.5m. against £2.2m.

The directors say that the first quarter's trading in 1977 confirms the continued improvement in sales and profits.

Stated earnings per 10p share were 1.75p (1p) before tax of 0.85p (0.65p) after tax. A net final dividend of 1.4125p, absorbing £1,725, lifts the total to a maximum permitted 0.5125p (0.535p).

Tax took £70,114 (£23,308) leaving a net balance of £55,741 (£30,419).

## Thomas Jourdan tops £0.6m.

FOLLOWING A return from a pre-tax loss of £29,000 to a profit of £216,000 at half-year Thomas Jourdan ended 1976 with a record profit of £607,890 against a deficit of £33,778. Turnover was up £1.71m. to £3.44m.

Stated earnings per 10p share were 7.24p (loss 0.96p) and a net final dividend of 1.825p (0.65p) expands the total to 2.6p (0.65p).

After a tax charge of £13,860 (relief £29,318) the net profit available was £294,330 (loss £19,837) after extraordinary debit nil (£102,478).

Since the year end the company has ceased to have close status. Trading expanded steadily during the year and net margins continued to improve, following the development of central control and a thorough analysis of all activities, says Mr. A. McNair, the chairman.

# Lloyds Bank Base Rate

Lloyds Bank announces that, with effect from Thursday, March 31st, 1977, its Base Rate for lending is reduced to 9 1/4%.

The rate of interest on 7-day notice Deposit accounts and Savings Bank accounts will be 5%, a decrease of 1 1/2%.



# NEWBOLD & BURTON HOLDINGS LIMITED

Manufacturers of Ladies' Footwear

	1976	1975	1974
Turnover	£7000	£7000	£7000
Net Profit before Tax	6,519	5,408	4,307
Net Profit after Tax	303	207	145
Dividends	138	112	67
Earnings per share	4.6p	3.7p	2.1p
Capital Employed	1,397	1,210	1,116

Salient points from the Statement by Mr. V. F. Burton, the Chairman:

- Profit for 1976 was a 46 per cent. improvement over 1975 on a turnover up by 20 per cent., fully justifying the proposed 10 per cent. permitted extra in dividend. A good sales position was maintained throughout the year in contrast to our industry in general.
- All our Companies are in excellent shape, with fewer weaknesses, and growing strengths, both overall and individually. However, the average profit margin, though improved, was affected by inherent trading problems, and especially in the second half was eroded by very sharply rising costs.
- As to the current year, with balanced order books, buoyant retail sales in our fashion sector, lower retail stocks, an encouraging boot season ahead, U.K. footwear more competitive, and confidence in our managements and their design ability, there are solid grounds for reasoned optimism.

# APOLLO

Edited by Denys Sutton

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# AECI LIMITED

(Incorporated in the Republic of South Africa)

## 53rd ANNUAL GENERAL MEETING

### Mr. H. F. Oppenheimer reports

Group profits before taxation for 1976 totalled R50.1 million, an increase of 11.1% (11.7 per cent) over 1975, with the rate of South African company tax and the number of shares in issue during the year, earnings per share fell from 30.5 cents to 28.5 cents. Dividends maintained at 18 cents per share for the 9th and 17th times.

A fact that Complex, which the Company is planning as a joint venture with them, is not planned to operate at an early date will distort the financial ratios for several years. In 1976, dividend cover will be lower because of the increase in share capital raised to finance the existing business. The level of earnings as a percentage of total funds is likely to be higher than in the longer term. In view of this it will be necessary to maintain a conservative expenditure policy during the next few years.

Aggregate volume of sales in 1976 was approximately 10 per cent higher than in 1975. The agricultural sector, partly because of below expectation demand and partly because it was not possible to satisfy the requirements on account of continuing drought on the No. 4 ammonia plant at Fontein. While the market for basic chemicals was reasonably firm, plastics were below expectation and in some supplying the motor and building trades trading became difficult during the second half of the year.

At margins were adversely affected by items referred to above, the provisions for inflation, and in the case of cultural nitrogen based products, the cost of a number of major cost increases had absorbed because the price control would not agree to their being made. The largest single factor affecting profits was the continuing technical problems on the coal based ammonia plant at Fontein which again operated at well below capacity. These have been many and can be attributed to a number of causes, including unexpected problems with specific properties of South African coal, assembly of important items of equipment. The problems are, however, steadily being overcome and over the past few years has been much improved.

Complex project is proceeding on and most plants in the complex are to come into operation in the fourth quarter of 1977. At this stage it is estimated that the venture will be within the amount of R10 million.

Scheme of financing for the Group to be made reference in previous years was a with a rights issue in 1976 of 50,262,783 shares at 165 cents per share which raised R82.9 million. The issue, which was underwritten by De Beers Consolidated Mines Limited, ICI (South Africa) Limited and the Old Mutual, was subscribed for the entire amount of R82.9 million, leaving 2,068,412 shares were taken up by the underwriters.

During the year arrangements were concluded in terms of which South African Nylon Spinners (Pty) Limited became a wholly owned subsidiary of AECI with effect from 1st January 1977. In recent times the South African textile industry has suffered from an excessive level of fabric imports, much of which was dumped at low prices and caused wide fluctuations in demand on the local industry. Consequently, large sections of the industry are working at no more than 50 per cent of capacity and already 10,000 workers have been dismissed or are about to be dismissed or are being dismissed rapidly. Against the background of the balance of payments and rising unemployment, it is difficult to understand the delay on the part of the authorities in taking positive action to curtail imports and to effect a better balance between local production and imports. Notwithstanding these problems, which should be of a temporary nature, I believe that the incorporation of SANS into the AECI Group has long term advantages and has broadened significantly the scope of AECI's activities.

The continued expansion of the Group stresses the need to ensure that manpower resources are adequate, both in numbers and in the required skills. It has for some time been clear that total reliance on the white population for the future is neither practical nor appropriate and still greater efforts are being made to train and develop all employees. AECI has over a number of years been moving steadily towards employment conditions based on "the rate for the job" with its minimum wage rates remaining well in excess of the so-called "poverty datum line."

I have on several occasions in the past stressed the need for the maintenance of adequate profit margins and this is still a cause for concern in several areas, notably those where statutory price control is in operation. Unless a more realistic attitude is adopted by the authorities in this regard it is the intention to curtail expansion as far as possible in those areas and to channel available resources into projects where the benefits of efficiency and productivity can be rewarded. If industry in this country is to survive, the need for profit margins which permit the generation of sufficient funds for the replacement of productive assets must be clearly understood and accepted by all sectors of the community.

Prospects for 1977 must be viewed against the state of the South African economy. The Group is at present well placed to benefit from any improvement in the business climate.

## Biddle's peak £0.94m.

TAXABLE profit of Biddle's Holdings increased by 28 per cent to £940,000 for 1976, says Mr. F. D. Biddle, chairman, says that although the cuts in public expenditure will have the effect of further depressing the building industry from its current low level, expansion in the rest of the country is well organised and is in a healthy financial condition to face the future.

Earnings per 25p share for 1976 were 10.7p (8.3p) and the final dividend is 2.425p for a total of 13.125p (£5.484p) absorbing £130,340 after warrens.

## £3m. expansion ahead for Irish Ropes

The directors of Irish Ropes, the Newbridge, Eire, based carpets and cordage manufacturer have announced a £3m. expansion programme which, they say, will double turnover by the early 1980s. For the year ended August 31, 1976, turnover was £10.52m.

Of the £3m. £2m. is to be invested, over 15 months, in the company's carpet division. This will consist of some £1.9m. on plant and buildings and £1.1m. on extra working capital, the directors say. A new 45,000 square feet carpet factory is to be built at Newbridge. A new cordage plant costing £0.5m. is being commissioned and a further £0.5m. is to be invested in cordage and industrial products.

The directors add that almost all of the extra production will be for export and expansion will result in a total of 130 jobs being created over a two and a half year period. At present, the company employs 740.

Winding-up orders: Orders for the compulsory winding up of 22 companies were made in the High Court yesterday. They were: Earthstrip, Dunnes Builders (New Southgate), Sarah Morris (Cork), W. J. & Sons (Plymouth), Monte Frank (U.K.), Con Tour Saunas, Webrod, Agrifabs, Pendragon Insurance Brokers, Carvel Forwarding, Merryhurst, Blandford Building Services, Jack The Lad, Emperor of Wyoming, All Mankind (Menswear), Castle Homes, G.R.T. Contractors, Company, John Houghton, Kera and Employment Agency, Mautsplan International, Michael Driver, T.T. Contractors (Cambridge), W. F. Palmer (Finchley), A. F. Moran Painting and Decorating Contractors (Penge), Chandos Employment Agency, Farmvet Products, Frudy's Club, Frudy's S. P. Cleaning Contractors, Volceastle, Bedfordshire Demolition Contractors, W. A. Mitchell (Thestral Insulation), Campayne Design, Vardale, Tweedie, RQ Builders, Donmac, Twinesong, S. and R. Contractors, Swessam (U.K.), Magazine Representation, Dockness Engineering, Site Building Components, Kaner Reed Consultants, Triban, Twinstar, Eurodat, S. H. Wilkes, Caledway Properties, Hodson Lynch, Florence Builders and Designers, Highlight Sports, Jouralag, J. Palmer and Company, Ellie Investments, Camerobian, Trengate, Brythule Developments, Comfort Flats, Fabra, Kafka Jewellers, Bekay Properties, Gilston Properties, Mulgrave Securities, Goldway, Kayes Securities, (London), Glenady Construction, Lambard, Rodeo Snacks, Jarrow Iron and Metal Company, Medisearch, Catchpole Enterprise Limited.

A compulsory winding up order made on March 21 against Overseas (Marylebone) was rescinded and the petition dismissed by consent.

CH BEAUER: Following the announcement by C.H. Industrials that the offers for Beaver Group were unconditional, it has been agreed that the cash element of the Ordinary offer be increased from 18p to 19p which will be paid to all accepting shareholders.

The directors of Beaver will be recommending that holders accept the offers which they have agreed to in respect of their beneficial holdings amounting to 19.5 per cent of the Ordinary. Mr. T. M. Healey, chairman of CHI, has been appointed a director of Beaver.

## Group Premium Income

Pensions and life business

General insurance

Profit & Loss Account

Long term profits after tax

Underwriting loss on general insurance

Investment and other income

Associated company's profits

Expenses

Group Operating Profit before tax

Tax

Minorities

Group Operating Profit attributable to shareholders

Shareholders' dividends

Retained profits

Earnings per share (based on group operating profit attributable to shareholders)

Shareholders' dividends

	1976	1975
Group Premium Income	£m	£m
Pensions and life business	380.9	300.1
General insurance	109.0	84.1

Long term profits after tax	7.7	6.6
Underwriting loss on general insurance	(3.7)*	(4.6)†
Investment and other income	13.6	9.6
Associated company's profits	0.1	—

Expenses	17.7	11.6
Group Operating Profit before tax	3.8	3.0
Tax	13.9	8.6
Minorities	2.5	(1.2)
Group Operating Profit attributable to shareholders	0.3	0.1

Shareholders' dividends	11.1	9.7
Retained profits	7.4	6.7
Earnings per share (based on group operating profit attributable to shareholders)	3.7	3.0

Shareholders' dividends	7.7p	7.31p
Retained profits	5.119p	4.654p

\*After release from provision for unclaimed premiums.  
†After transfer from claims equalisation reserve.

The directors recommend a final dividend for 1976 of 3.249p per share payable on 3 June 1977, which, with the interim dividend of 1.87p already paid, makes a total for the year of 5.119p per share. With the associated tax credits of 2.756p this gives a total gross dividend for 1976 of 7.875p per share.

Copies of the Report & Accounts for 1976 and the Chairman's Statement will be sent to shareholders on Thursday, 21 April.

Annual General Meeting—18 May 1977.



Legal & General Assurance Society Limited



House of Fraser jumps to best ever £27.68m.

AFTER A setback in profits at the halfway stage from £23.5m. to £23.4m. department stores operators House of Fraser improved after 30 weeks to the £1.4m. behind at £27.68m. and ended the year to January 29, 1977 with a record pre-tax figure of £27.68m., against £20.9m. for the previous 52 weeks.

Samuel Props. recovering

FOR the six months to December 31, 1976 gross income of Samuel Properties increased from £3.78m. to £4.58m. and pre-tax profit rose from a depressed £76,262 to £575,111.

Table with financial data for House of Fraser, including turnover, trading profit, depreciation, interest, pre-tax profit, and net profit for 1976 and 1977.

British Aluminium helps Tubes to £49.6m.

HELPED BY a £5.57m. jump to £2.54m. in the contribution of the subsidiary British Aluminium, pre-tax profits of Tube Investments for 1976 improved £7.26m. to £49.6m. The second half increase was £7.97m. to £21.09m.

Table with financial data for British Aluminium, including external sales, depreciation, investment income, and earnings for 1976 and 1977.

Cautious optimism at Vantona

MR. JAMES SPOONER, chairman of Vantona Group says in his annual statement that the company is continuing to view the current year with "cautious but steady" optimism.

Bridport Gundry

NETTING AND cordage manufacturer Bridport Gundry (Holdings) achieved a "substantial profit" of £274,255 in the six months to January 31, 1977.

Peachey Props. lower

AFTER EXCEPTIONAL provisions pre-tax profits of Peachey Property decreased from £966,000 to £346,000 for the year ended June 24, 1976.

LYDENBURG PLATINUM LIMITED

Table with financial data for Lydenburg Platinum Limited, including net income before and after taxation, earnings per share, and dividends per share for 1976 and 1977.

NOTICE IS HEREBY GIVEN that an interim dividend No. 47 of 1.75 cents per share has been declared payable to ordinary shareholders registered in the books of the company at the close of business on 15 April 1977.

The directors state that in accordance with the provisions of Standard Accounting Practice No. 9 the basis of the U.K. stock valuation has been adjusted with effect from January 1, 1976.

Also the directors have made provision for probable losses on the company's two French developments and they have decided not to capitalise interest on another development.

The directors add that on the basis of the last professional valuation of the group's properties as at March 23, 1976 (which excluded developments) after adjusting for purchases and sales since then, there was a surplus (before tax) of £7m. as at June 24, 1976.

On this basis, the net asset value per 25p share is more than 100p. Earnings per 25p share are shown at 1.3p (12p) and dividend total is 0.9p (0.25p) with a second interim of 0.25p.

Sir Eric Miller has resigned as chairman, to be succeeded by Lord Miel.

For comparative purposes it is noted that the profit before tax on the current purchasing power basis amounted to £29.7m. (£30.2m.). The taxation payable in respect of 1976 profits under the existing tax legislation is estimated at £1m., the directors state.

Mr. E. S. Kellert, the chairman, commented that the results "owe little to the general state of business. There has been some small economic improvement, but business is still pretty hesitant here and abroad."

The continued rise in profits was "the strategies of recent years coming through," he added.

He declined to comment further at this stage on the outlook for the current year. Although the value of sales increased some 16 per cent to £718m., there was little or no increase in volume.

The reduction in numbers employed and the redundancies figure dropped last year and should be lower again this year, he said. "There is less slumping to be done," he remarked.

A divisional analysis of external sales and profit before loan interest payable shows (Zm.) steel tube £31.5 (£20.7) and £26.6 (£23.1).

Mr. R. W. Holder, the chairman, reports that the operating companies have performed well, generally in line with budget. As many of the products go into the sports and horticultural markets, profitability in the second half of the year is normally greater than in the first half.

Subject to any unusual circumstances, the directors expect a better second six months than in 1976. The order books justify this optimism and the cash position of the group remains satisfactory, they say.

The chairman states that in the second half turnover and profits are increasing as planned. The first phase of an expansion project by James Pearsall at Taunton involving a new 30,000 square foot factory has been authorised and the new machinery should come into production in August 1977.

The net interim dividend is raised to 0.66p (0.6p) per 20p share. Last year's payments total 1.138p were paid from profits of £2,582m.

Following the sale of the business and buildings of Gundry Billmoe and the disposal of the minority interest in Gourock Industries, the company is retaining to March 31, 1977, the investment in North America, subject to Bank of England permission. It intends to strengthen its marketing in the territory during the coming 12 months, Mr. Holder adds.

Confidence at BSR

SOUND reproduction specialists BSR are confident of being able to meet in full any increased worldwide demand for its products.

Mr. J. N. Ferguson, chairman, reports to shareholders. He confirms that sales for the sound reproduction division for the first seven weeks of the current year are "comfortably ahead" indications from the company's main overseas markets, particularly North America and Japan, are encouraging but the outlook for the home market is rather uncertain.

As known, pre-tax profit for the year ended January 8, 1977, increased from £3.45m. to £3.55m. with sales up from £91.4m. to £137.27m.

The trading results for the year ended January 8, 1977, show a sound reproduction division's largest customers, Morse Electro Products Inc. were such that the major creditors, financial as well as trading, had to agree a re-

arrangement with the company on March 31, 1977, to provide for the £1.2m. of the new 30,000 sq. ft. factory.

Mr. R. W. Holder, the chairman, reports that the operating companies have performed well, generally in line with budget. As many of the products go into the sports and horticultural markets, profitability in the second half of the year is normally greater than in the first half.

Subject to any unusual circumstances, the directors expect a better second six months than in 1976. The order books justify this optimism and the cash position of the group remains satisfactory, they say.

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Hongkong Land: Record Dividend as Profits Climb

Increased Profits 1976 Group profits after tax up 16.5% to £25.2 million (£21.7 million in 1975).

Record Dividend Final dividend of 2.75 pence recommended, making a total of 4.13 pence for the year, 13.8% up on 1975. Dividend cover increased to 1.27 times.

Properties in Demand Central District properties virtually fully let. 34-storey Alexandra House, completed in late 1976, fully occupied.

Prime residential properties fully let. Branksome, a 94 unit luxury apartment building, completed mid-1976, immediately fully let.

Hotels—Substantial Improvement Main hotel subsidiary, City Hotels Ltd, net profits up 34%.

New Developments Government approval for £75 million township at Pokfulam. First Phase immediately oversubscribed.

Commencing Phase Two, Central Redevelopment Scheme.

Construction of 600,000 sq. ft. commercial building in Causeway Bay begins April 1977. Already one third committed.

18-storey P & O Building acquired.

Growth Assured Projects completed and under way ensure continued profit growth. Directors confident of improved earnings for 1977.

Earnings per share HK\$

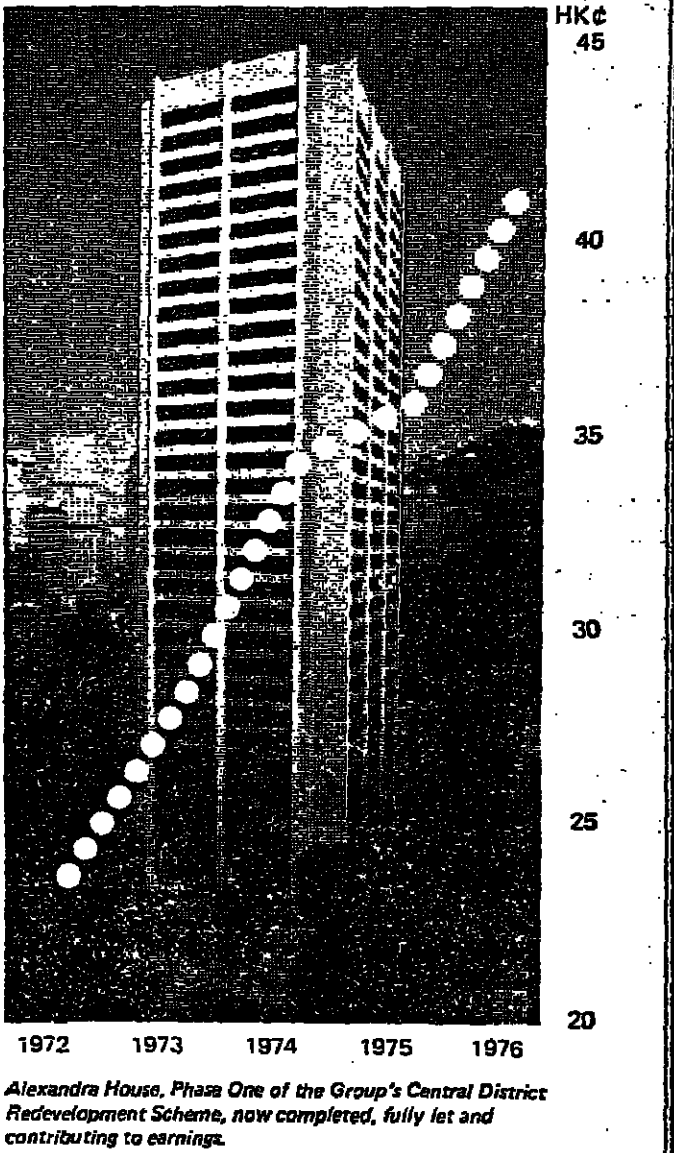


Table with financial data for Hongkong Land, including gross revenue, ordinary earnings, ordinary dividends, net assets, and assets per ordinary share for 1976 and 1977.

Alexandra House, Phase One of the Group's Central District Redevelopment Scheme, now completed, fully let and contributing to earnings.

Advertisement for William & Glyn's bank, announcing that following rates will apply from and including Thursday, 31st March. Base rate . . . 9 3/4% Deposit rate . . . 5 1/4%. WILLIAMS & GYLN'S BANK LTD.

Advertisement for Robeco, featuring the company name in a circular logo and the text 'ROBECO'.

Advertisement for Rotterdamse Beleggingsconsortii, containing detailed financial and legal information regarding shareholdings and dividends.

Advertisement for Gundry, detailing the company's financial performance and dividend information.

Advertisement for The Mercantile Investment Trust Limited, featuring a table of financial data for 1976 and 1977, and a list of bullet points detailing the trust's performance and investment strategy.

Advertisement for Bearer Share Warrants with Coupons Attached, detailing the terms and conditions of the warrants and the process of receiving dividends.







# In the second of three articles on Renault, David Curry looks at The Berliet-Saviem marriage

FRANCOIS ZANNOTTI, Corsican, aged 51, small-built with a fiercely hooked nose, would stand a good chance of winning unopposed any competition to decide who held the most difficult job in Renault. Twenty years in the group, a product of the Ecole Polytechnique, that supremely elitist nursery of French engineering skills, and holder of the title of Ingenieur des Ponts et Chaussées, which ranks him in the administrative first division, Zannotti has been given the task of making Renault a competitor in the international commercial vehicle market.

The raw material he has to work with are the two commercial vehicle subsidiaries of Renault: Saviem and Berliet, the one a long-standing group member, the other a recent acquisition. These two units have to be "converged" (the word merger is too trivial) into France's international flag carrier.

For years Saviem had been making eyes at Berliet, the commercial vehicle subsidiary of Citroën and through Citroën of the Michelin tyre group. The Renault company's position in the lighter end of the market was a natural complement to Berliet's activities which were more geared towards heavy vehicles, it was argued.

Two years ago, Berliet fell into Saviem's hands. When Citroën ran out of cash and was pushed into the arms of Peugeot, France's most consistently profitable motor company, to form an enterprise which matched Renault's domestic car production, Berliet was priced loose and bought by the nationalised company, the State providing Frs.600m financial aid. Ironically, 1975 was a dismal baptism for the new partnership (the two companies retaining separate identities) but 1976 was good enough at least until the end of the summer, to produce solid

## Three rivals

Last year Berliet and Saviem had between them 51.7 per cent of the 46,176 registrations of lorries, coaches and buses of more than six tonnes gross vehicle weight. Unic, the Fiat group company, took 10.4 per cent, and other French manufacturers some 0.3 per cent, giving French manufacturers altogether 62.4 per cent of the home market in the plus six tonnes category.

Even if Saviem and Berliet individually earned their keep in 1976, do they really look a good enough team for promotion to the international league?

Zannotti has no doubt. "Imagine Japan, the U.S. and Europe as three zones," he suggests. "In each of them the annual market is between 350,000 and 400,000. There are three Japanese makers, three U.S. manufacturers and ostensibly eight European manufacturers in those markets. But if we leave aside the specialists who concentrate on a small market segment there are only three big European companies as well—Fiat, Daimler-Benz and Leyland. Renault can make the fourth.

"Too much weight is put on identities" But 1976 was good enough at least until the end of the summer, to produce solid

recoveries by both companies, though by year's end they were introducing modest short-time working to combat a sharp build-up of stocks because of the post-summer collapse of the market.

Berliet's 1976 turnover was up by some 2.8 per cent, to reach all but Frs.4bn, even though deliveries at 23,265, were still some 7.3 per cent below 1975. Saviem's output of 40,671 units in 1976 (including 2,385 buses and coaches) was a good 5,000 better than 1975 and turnover rose by 27.8 per cent, to Frs.3.9bn.

But the Italian market is only half the size of the French market and in cash-flow terms we are better placed than Daimler-Benz. Therefore our point of departure is not necessarily a poor one and you must remember that we have reached our present position with a relatively old range. Our new range will give us 55 per cent, to 60 per cent, of the home market," Zannotti predicts.

Is there a truly international market in lorries? "There are common tendencies in Europe," replies Zannotti. "The criteria of production and range are largely European, while the criteria of choice are moving towards a common European position. Of course, national rules differ and the transport system differs from country to country and so does the structure of the market between big and small hauliers and Government relations with the industry. But through all this there is a trend towards European unification."

He quotes as example the traditionally popular 3.5 ton front-wheel drive van with its apparently voluminous proportions. "Daimler-Benz with the Hanomag and Fiat-Citroën with the C35 are now also serving that market," he comments. "What we are sure of is continued expansion. Rapidly of transport will continue to reduce the levels of stock carried by companies and hence cut their financial charges," he argues.

This is all very well, but what about the raw material of Zannotti's venture? He is careful not to subscribe to the theory that Berliet was a lame duck in need of charity. "Basic-

ally, by itself it had no chance of having sufficient volume to invest profitably. Prices were too high for vehicles made in too small volume while the company consistently overestimated the volumes likely from a given investment. At the same time Berliet locked itself into some very big but difficult export markets like China, Algeria and Poland—thanks to its own dynamic export policy."

But (this begs the question, if Berliet was too small, what about Volvo and Scania—also small concerns in this market—but in no apparent difficulty? "It depends on the politics of the company," explains Zannotti. "Scania specialises in a very small range. Volvo is only now beginning to move into medium trucks, and I am not convinced it will not get a black eye."

The strategy for Berliet and Saviem is clear. At home they will retain separate identities and commercial networks. Production will be rationalised wherever possible with the maximum interchangeability of parts.

## New range

After this preliminary stage, the emphasis will be placed on developing a new range of vehicles with durability heavily stressed and with the effort directed towards achieving volume. Nineteen-eighty-one is the target date. Exports will be developed in selective markets, the separate identities in this respect unified as Renault Industrial Vehicles.

The companies maintain autonomous administrations. Zannotti himself is the only person in the commercial vehicle section to be paid by Renault—everyone else is either a Berliet or a Saviem employee.

Investment in these years should run at around 7 per cent of turnover, which, Zannotti

says, would be well ahead of previous performance and in the same league as Daimler-Benz.

"My personal hope is to generate cash flow to finance investment. We must invest enormously which means that we must inevitably get into debt, but that debt must be limited as far as possible by generating cash-flow."

"We have to limit overheads by rationalisation and developing volume, and we must sell to the most profitable markets not only vehicles but know-how as well." He quotes the example of selling not only buses to Africa but complete local public transport management systems. "Here especially we hope to have the imagination to be a leader."

Public transport is clearly a Zannotti preoccupation. He digs out a chart to show that the world urban population by the year 2000 will equal the entire population in 1970. "What a demand for public transport that must mean," he proclaims. He expands: "What it means is that we will have to organise a workable communal life living together in conglomerations—and that means, of course, buses (Saviem and Berliet produce 16-18 buses and coaches a day with a higher profitability than lorries) but also fire engines, ambulances, garbage wagons."

After two years is the marriage happy? "You know," comments Zannotti "at the beginning the parents were very happy but the children were uneasy. We are taking things carefully and methodically respecting each partner's identity, and are prepared to make the necessary investments to make the link-up a success over the long-term."

The first article, dealing with Renault's financial performance and its relations with the Government, was published on February 22. The third article, on Renault's car activities will appear tomorrow.

# CHELTENHAM AND GLOUCESTER BUILDING SOCIETY Annual General Meeting

## Record Year-Home Loans Reach £84 M -49,000 Savings Accounts Opened

The Annual General Meeting of the Cheltenham & Gloucester Building Society was held in the Society's Chief Office on Wednesday 30 March 1977. In his report on the 1976 results, the President, MR. CHARLES E. JESSOP, attention to the following:

COMPARISON OF ANNUAL RESULTS		
1975		1976
£350.1m	Total Assets	£399.3m
	Growth	14%
£11.8m	Reserves	£15.5m
3.38%	Reserve Ratio	3.87%
£66.6m	Liquid Funds	£66.4m
19.0%	Liquidity Ratio	16.6%
£161.3m	Investment Receipts (including interest credited)	£175.1m
£81.4m	Mortgage Advances	£83.9m

Increased investment has enabled the Society to lend more to home buyers. In 1974 the Society lent £47 million to some 6,800 house purchasers. These figures increased substantially in 1975 and again last year when a total of £84 million to 10,200 borrowers.

Our network of Branches was extended so that by the end of the year there had 70 Branch Offices in operation. 11 new offices were opened—two were much larger and more central premises and one was substantially enlarged.

At a meeting of its Members in November the North London Building Society agreed to transfer its engagements to the Society as from 1 January 1977. Increased reserves and expanding branch network now places C&G in a position to attract additional investments and play a major part in provision of home loans in 1977.

**Cheltenham & Gloucester**  
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All these securities having been sold, this advertisement appears as a matter of record only.

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March, 1977



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**SAMUEL PROPERTIES LIMITED**

**INTERIM STATEMENT**  
for the six months ended 31st December, 1976

	Unaudited Six months to 31st Dec. 1976	Six months to 31st Dec. 1975	Audited Year to 30th June 1976
Gross income	4,648,718	3,775,732	8,808,828
Operating profit	2,034,082	1,406,543	2,956,448
Interest payable	1,050,971	1,264,181	2,476,748
Profit after interest	983,111	142,362	379,700
Share of losses less profits of Associated Companies	(110,000)	(56,000)	(132,057)
Profit (loss) before taxation	873,111	76,362	247,643
Taxation (Charge)/write back	(425,900)	(248,000)	387,431
Profit after taxation and before transfer to/from unrealised capital surplus	447,211	324,362	635,074
Transfer (to) from unrealised capital surplus in respect of development properties	43,716	(67,800)	(127,500)
Profit after transfer to/from unrealised capital surplus	490,927	256,562	507,574
Profit attributable to minority interests	2,209	2,150	8,187
Profit before extraordinary items	488,718	254,412	498,387
Extraordinary items	13,376	500,252	540,179
Profit after extraordinary items transfer to capital surplus in respect of non-distributable profits	502,088	754,664	1,038,566
Profit available for dividend	314,738	134,108	186,665
Dividend			27,744
Profit retained	£314,738	£134,108	£158,921

The figures for the six months to 31st December, 1975 have been audited to the same accounting presentation as adopted at the year end 30th June, 1976.

Interim Results show a considerable improvement over the corresponding period for last year and reflect the successful implementation of the Board's policies.

Directors have not declared an interim dividend. However, as stated by the Chairman in his Statement for 1976 a dividend will be declared in the calendar year 1977. No interim dividend was paid last year.

**SAMUEL PROPERTIES LIMITED**  
10,onnades, 82 Bishops Bridge Road, London, W2 6BB

**BIDS AND DEALS**

**J. Lyons £15.7m. sale to Liggett falls through**

J. Lyons' intended sale of its U.S. subsidiary Tetley Inc. for \$25m. (£15.7m.) to Liggett Inc., the American tobacco, wines, spirits and pet foods group, has fallen through. The move had formed part of a major £50m. programme of asset disposals announced last year to reduce the group's heavy borrowings.

It was announced on December 8 that agreement in principle had been reached between the two companies for the sale. However, a statement issued yesterday said that Liggett no longer wished to proceed "on the basis of the terms originally envisaged" and that their alternative proposals were not acceptable to Lyons.

Late last year Lyons announced a series of asset disposals amounting to £50m., including the sale of most of its U.K. hotels to Trust Houses Forte for £27.5m. and its Wimpy, Golden Egg and Bakenliffe franchise to United Biscuits for £7m.

Mr. Leonard Badham, managing director of Lyons, explaining that Liggett had changed its mind on price, possibly because of recent share fluctuations in its offer markets, described the breakdown of Tetley sale talks as "disappointing but not critical."

He said that while the £15.7m. disposal in this situation was well below the £20m. borrowing target set by the group for the end of its financial year this month, Lyons' profit and loss account for the year ended 30th June 1976, by keeping Tetley Inc. Last year Tetley Inc. made pre-interest profits of \$5m. (£2.2m.).

Mr. Badham went on to say that the current setback would alter the timing of Lyons' future strategy of consolidating its trading interests into food manufacturing. One candidate for disposal in this strategy was well the Tower Hotel, which THF did not buy last November, and which Mr. Badham said had attracted many inquiries from potential purchasers.

J. Lyons' share price, having risen 4p to 82p at one stage yesterday fell back to 79p by the close.

**HME INCREASES HOLDINGS**  
Harrison's Malaysian Estates has acquired a further 1,788,238 shares in London Asiatic Rubber and Produce, and now holds 85.54 per cent. It has also acquired a further 2,384,585 shares in Golden Hope Plantations and now holds 91.05 per cent. and has acquired a further 2,122,728 shares in Pataing Rubber Estates and now holds 98.25 per cent.

**DUNDONIAN ACQUISITION**  
Dundonian has agreed to acquire Nottvale for £20,000 cash. Nottvale is engaged in tin and tungsten mining in the west country, with prospecting/mining rights covering an area of approximately five square miles near Callington in Cornwall.

Dundonian also announces the extension of its shareholder benefit scheme under which trustees and corporate shareholders are entitled to nominate individuals who will be entitled to the benefit on exactly the same basis as individual shareholders.

**WARWICK ENG.**  
Warwick Engineering Investments has acquired A. Stephenson and Co. for £150,000 cash of which £155,000 has been paid on completion and £14,000 is due to be paid on April 30, 1977 and £1,000 on April 30, 1978. The company is engaged in the production of precision engineering components for the motor and aircraft industries.

**SHARE STAKES**  
Neesand holds 98.301 Sheffield Refreshment House shares (24.15 per cent.).  
Gulness Peat Group has become interested in a further 50,000 Linfood Holdings shares as a result of acquiring a controlling interest in London Electrical and General Trust.

**OCE/OZALID**  
The offer by Océ-van der Grinten Finance, a wholly owned subsidiary of Océ Van der Grinten for the whole of the issued capital of Ozalid Group Holdings, has become unconditional and will be extended to April 9, 1977. The elections available for the Ordinary shares will also remain open until April 6 and will close on that date.

Acceptances have been received as to 25,898,376 Ordinary shares representing some 90.2 per cent., including an acceptance from Imperial Chemical Industries in respect of its entire holding; 255,139 Ozalid 8.5 per cent. (effective) 4.5 per cent. net) cumulative preference shares (representing approximately 98.1 per cent. of the issue); and 776,725 Ozalid 7.5 per cent. (effective) 3.424 per cent. net) cumulative redeemable second preference shares (representing

approximately 97.1 per cent. of the issue).  
Océ-van der Grinten Finance hold no Ozalid Ordinary or Preference shares prior to February 11, 1977, and has not acquired or agreed to acquire any shares other than pursuant to the terms of the offers.

**WELSH DEVELOPMENT AGENCY**  
The Welsh Development Agency, following its £250,000 investment in M. Mole and Son last week, has announced two further investments in the provision of smaller scale in private North Wales companies.

**THORN CHANGES IN AUSTRALIA**  
Thorn Electrical Industries is re-structuring its business in Australia. Thorn Holdings Pty. which will change its name to Thorn Electrical Industries, will assume full responsibility for the trading activities of Thorn Lighting Industries, Kenwood Pearlless (to change its name to Thorn Kenwood), Radio Rentals, Canberra Television Services and Greenlake Engineering and Cables.

**TELEPHONE & GEN. TEMPLE BAR**  
The directors of Telephone and General Trust and Temple Bar Investment Trust announce that, at the meetings held on March 28, 1977, in connection with the proposed Scheme of Arrangement and Amalgamation, all resolutions were passed.

**SUITS-LONRHO**  
Scottish and Universal Investments has been informed that Lonrho has acquired 7,614,548 Suits shares (54.48 per cent.) and that Sir Fraser's interest now consists of 2,778,828 shares (20 per cent.).  
It was announced on March 18 that Sir Hugh and other members of his family and family trusts had sold Lonrho 7,644,548 shares in SUTS, representing 24 per cent. of the capital.  
A spokesman for SUTS said yesterday that, in addition to Sir Hugh's personal holding of 8.9 per cent. reported above, which was held by him as a trustee, other members of the Fraser family had holdings of 0.8 per cent. Thus the total interest of the Fraser family now amounted to 0.7 per cent. of SUTS shares.

**ASSOCIATES DEALS**  
Hill Samuel bought on Friday 108,576 Commercial Union at 124p average for a discretionary investment client.  
Morgan Grenfell, an associate of Thomas Berwick and Sons, on Friday bought 75,000 FMC at 111p and £5,000 at 112p.  
J. Henry Schroder Wagg and Co. sold on March 23 1,500 Pilkington Bros. at 321p and 25,000 at 225p on behalf of associates.  
Hill Samuel has bought 50,000 Commercial Union at 116p for a discretionary investment client.  
Rowe Rudd and Co. have purchased, on behalf of an associate of Dewey Group, 500 Dewey Group Ordinary shares at 120p.

**ALFRED HERBERT**  
Alfred Herbert has acquired the business relating to the Mifal computer system from Mifal Computer Systems, a member of the General Rent Group.  
MISL and Alfred Herbert have been closely associated for the past five years in the development and manufacture of the control systems used by Alfred Herbert in their advanced range of machine tools.

**CENTRE HOTELS**  
The directors of Centre Hotels (Crans) in a circular giving full details of the acquisition of St. James Court Hotel, says the annual results of Crans will be announced in August when they expect to report a substantially improved pre-tax profit for 1976-77.

**WALTER DUNCAN**  
Walter Duncan and Goodfellow states that with regard to the offer for Lebonn Tez, announced yesterday, the offer is solely conditional upon acceptances being received which, together with shares acquired before or during the offer period, carry more than 50 per cent. of the voting rights.

**Kleinwort Benson sees further activity**

THE CHAIRMAN of Kleinwort Benson, Lonsdale, Sir Cyril Kleinwort, says in his annual statement that: "We cannot expect to maintain the strength and position of the City of London in world markets, and thus its significant contribution to the U.K. balance of payments and the economy, if the real financial rewards of those responsible for its success continue to be very different from those attainable in other financial centres."

Mr. Robert Henderson, chairman of the group's merchant banking arm Kleinwort Benson, says that it is difficult to be optimistic at present, but he is confident that the organisation will have an active year.

Net profit of the group as a whole increased from £3.92m. to £5.34m. in 1976, and profits of the banking group were £4.38m. against £3.79m. as reported on £349,000 for the months to March 16.

Mr. Henderson says that a particularly satisfactory aspect of the banking activities was the increase in sterling acceptance credit and loan facilities made available to British companies to finance working capital and investment. The increase in acceptance credit business from £143m. to £182m. during the year represents only a part of the funds made available to British borrowers, he adds.

**Headway at Newman Tonks**

PRE-TAX profit of metal hardware manufacturers Newman Tonks rose from £365,000 to £349,000 for the months to January 31, 1977, on turnover up by £2.57m. to £9.39m. Profit for all 1975-76 was £1,02m.

The directors state that trade in the first half was "reasonably buoyant" for most of the group.

Exports increased by 60 per cent. and present indications are that this situation will continue throughout the year. They forecast improved second half figures compared with the first half.

The cessation of trading at Oldham resulted in a net loss of some £197,000, which has not been included in the results.

An increased interim dividend is announced of 0.8p net per 25p share against 0.7p absorbing £78,957 (£99,088). The directors say that if the level of sales continues, the final dividend will be increased by the maximum permitted. Last year's final was 2.55p.

After tax £283,000 (£189,900) net profit emerged at £264,000 (£175,200).



**GRAMPIAN HOLDINGS**

**Preliminary Results for the year ended 31 December 1976.**

GRAMPIAN HOLDINGS LIMITED announce profits (subject to audit) before tax for the year ended 31 December 1976 of £2,811,000 (£2,585,000).

The directors propose a final dividend of 4.73p (2.4325 pence per share), giving with the interim a total of 15.73p (3.9325 pence per share), the maximum currently permitted.

	1976	1975
Turnover	59,220	£000 50,514
Group Profits before Tax:		
INDUSTRIAL SERVICES	1,891	1,472
CONSUMER GOODS	1,446	1,352
PRINTING AND PUBLISHING	(300)	1
	3,037	2,825
Add:		
Wallacetown sub group		20
Deduct:		
Parent Company Expenses, including Bank and Debenture Interest, not otherwise allocated	329	294
	2,708	2,551
Add:		
Share of profits of associated companies	103	34
PROFIT BEFORE TAXATION	2,811	2,585
Taxation on profits of the year, 52% (1975 - same)	1,390	1,421
PROFIT AFTER TAXATION	1,421	1,164
Deduct:		
Minority Interests	50	10
	1,371	1,154
Deduct:		
Extraordinary Items	292	62
	1,079	1,092
Dividends:		
Preference Paid of 4.9p	69	69
Ordinary Interim Paid of 6.0p (1975 - 2.8p)	152	71
Ordinary Final Proposed of 9.73p (1975 - 11.5p)	247	292
	468	432
BALANCE UNDISTRIBUTED	611	660
	1,079	1,092
Earned per share	12.82p	10.69p

NOTE: The results for the year to 31 December 1976 and for the year to 31 December 1975 are in accordance with Statement of Standard Accounting Practice No. 9.

The Chairman, Mr. D. C. Grieg, comments: "Group profits have been maintained in 1976. While noteworthy performances were recorded in some sectors, difficult conditions were experienced in printing, furniture and oil services. "As I indicated previously the imbalance between interim and final dividends has been adjusted and a final dividend of 9.73p (2.4325 pence per share) has been proposed, the total dividend for 1976 being 15.73p (3.9325 pence per share). "While it is still too early to forecast the outcome for the current year, I believe the group has considerable potential for advancement."

**GRAMPIAN HOLDINGS LIMITED**

The Scottish-based holding company with interests in industrial services, consumer goods and printing and publishing.

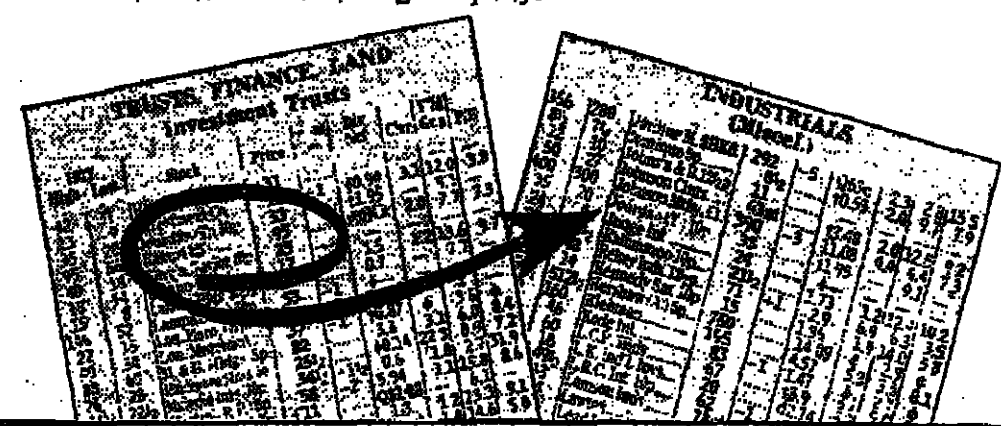
**Thomas Jourdan Limited**  
15 King Street, London SW1Y 6QU.

- \* Dividends increased
- \* Losses turned into record profits
- \* Turnover increased by 46%

	1976	1975
TURNOVER	5,437,989	3,725,207
PROFIT BEFORE TAX	607,890	(53,776)
PROFIT AFTER TAX	294,530	(14,458)
EARNINGS PER SHARE	7.34p	(0.36p)
DIVIDEND PER SHARE NETT	2.60p	0.65p

Chairman, Archie McNair states: "1977 is a year when we shall be consolidating our resources. Nevertheless the attack on world markets continues"

**Thomas Jourdan is moving**  
its share listing to reflect more closely its corporate identity as an industrial holding company.



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- MIDLAND AND INTERNATIONAL BANKS LIMITED MIDLAND BANK TRUST CORPORATION (JERSEY) LIMITED
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- JERSEY INTERNATIONAL BANK OF COMMERCE LIMITED

Agent

BANQUE EUROPEENNE DE CREDIT (BEC)













INTERNATIONAL FINANCIAL AND COMPANY NEWS

Deutsche Bank to issue Eurobond with warrants

BY GUY HAWTIN AND MARY CAMPBELL

DEUTSCHE BANK yesterday announced plans for a \$125m Eurobond issue with warrants to be made by its Luxembourg subsidiary, Cie de la Deutsche Bank.

The plans for the Eurobond issue were announced at the same time as Deutsche Bank's Supervisory and Executive Boards agreed to recommend an unchanged 20 per cent dividend for 1978.

There are few surprises about the dividend. Last year, although a good one for the banking industry, cannot be compared with the record 1975. Both Commerzbank and the Dresdner Bank—the Deutsche's closest rivals—have announced they are to pay unchanged dividends and Deutsche was expected to follow suit.

To-day's statement said that the dividend payout would account for DM130m. (\$44m.) while a further DM100m. would be allocated to reserves. This will bring the Bank's own resources up to DM3.1bn. (£756.1m.) and compares with the previous year's DM1.01bn. allocation to reserves last year.

Shareholders at the annual meeting in Stuttgart on May 11 will also be asked to approve a DM200m. increase in authorised capital which will be available for issue up until April 30, 1982. Any capital raising would take the form of a rights issue, according to the statement.

Such terms as have already been decided for the \$125m. Eurobond warrant issue include a ten-year final maturity. For every \$1,000 bond the bearer will

have the right to buy nine DM50 to only 4.4 per cent. of total assets with 4 per cent. the lowest price equal to the average quote for the bank's shares on the German stock exchanges in the ten days before the bond issue, converted into dollars at the official dollar fixing rate on the day of issue.

Deutsche Bank is not the first German company to make a dollar-denominated warrant issue. Bayer and Siemens both did so, for example, in 1969. Dresdner Bank, in its announcement of plans for a Eurobond issue late last week, followed a very different model. Its issue will be in D-marks and a convertible.

The Dresdner issue will also have a strong element of rights attached to it—purchase of the convertibles will be open, in the first instance at least, only to holders of Dresdner shares on the date the convertible is floated in early June (on the basis of one bond per two shares). Despite the fact that about 20 per cent. of Dresdner shares are owned by non-Germans and that the issuing company for the convertibles is as in the case of Deutsche, the bank's Luxembourg subsidiary, Cie Luxembourgaise de la Dresdner Bank, the issue clearly has much more a domestic flavour about it.

Details of Dresdner Bank's proposed Euro-DM convertible issue, include a 5 1/2 per cent. coupon and six year final maturity. The value of the issue will be DM395m. (about \$165m.) with bonds being issued in denominations of DM50. Four bonds will be convertible into one share. The share capital currency stands at DM700m. and permission for the increase will be early May. The bank's equity capital and reserves currently amount

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Initial reaction in the Eurobond market to the two German banking issues is that they will be hot property. The terms of the Dresdner issue are regarded as generous and there is expected to be sharp demand for the bonds in the secondary market with the possibility of demand for the shares developing simply in order to get access to the convertible. A similarity between these issues and the issues made by Lloyds Bank of Switzerland and Credit Suisse last year is drawn by market commentators.

One deterrent for foreign investors in the issue is the German 25 per cent. withholding tax. This will not of course apply to the interest on the bond issues but does apply to dividends on the shares acquired through the warrants or by conversion. The dividend yield is currently about 2 per cent. in the case of Dresdner and less in the case of Deutsche Bank. In this connection Dresdner was at pains to hold out the hope that the withholding tax might be eased for foreign holders of German stock within a couple of years. The hope has arisen because last year's corporate tax reform, by giving tax credits on dividends to domestic shareholders, in effect discriminated against foreign shareholders.

THE BID FOR BABCOCK US

A cool response

BY JAY PALMER IN NEW YORK

SENIOR executives of United Technologies have been in close consultation with Babcock and Wilcox's management for some weeks in the vain hope of an agreed merger. That these low key and secret talks did not so smoothly in made all too clear by Babcock's curt and chilly response to what it described as UT's "unilateral announcement and unsolicited offer."

Babcock's carefully worded negative response to the \$510m. bid steers just clear of an outright rejection which could possibly have generated lawsuits from disgruntled shareholders. In favour of UT's request that they be given "an opportunity to determine for themselves whether or not to accept."

At the same time, however, Babcock has made it clear that it is only effectively rejecting this offer on these terms. It has, apparently deliberately, left open the door for either another suitor or possibly for UT itself to come back with better terms.

Although the ball is now formally in Babcock's court—the company said that it would study the offer—it is still to UT that everyone is looking. In its original bid, the Connecticut-based high-technology conglomerate emphasised that the offer was to all intents and purposes conditional on a quick and favourable Babcock response.

No one has any very clear idea what UT will now do, given Babcock's obvious lack of enthusiasm. The bidder could conceivably surprise everyone by simply dropping the offer. But UT is no stranger to hard fought bid battles.

If United does decide to go ahead with its offer and if Babcock decided to put up a fight for its independence, the contest is likely to be bitter and long drawn out. United effectively acknowledged in its offer request that Babcock shareholders be

given a vote, so the company is in a position to put up substantial struggle.

The armoury of weapons available to Babcock in fending off this bid is even larger than normal. Aside from the usual time consuming court and regulatory agency hearings over the desirability of such a deal (the common interest in technology and Babcock's work for the U.S. Navy would involve anti-trust and defence hearings), the company could have recourse to the peculiar laws of the states of New York and Ohio.

Babcock is incorporated in New York and has key plants in Ohio. This means that it can invoke statutes in both these states that can, and have been in the past, used to block takeover bids. State commissioners can order companies making unwanted bids go through lengthy and highly complicated hearings to determine if the offer is fair.

It was just exactly this sort of roadblock that United ran into headlong, during its take-over of Otis Elevator in 1975. Otis had substantial assets in Indiana and United was hit with a cease-and-desist order that gave Otis time to make overtures to two other interested companies, produce a blizzard of anti-takeover messages to shareholders and win over shareholders with the offer of a higher dividend.

United eventually won that battle by its tenacity but the experience was still obviously fresh enough in the conglomerate's mind for it to make its offer conditional on Babcock giving up rights to use these delaying tactics. Now United is going to have to decide, and decide quickly, whether or not Babcock is worth fighting over.

United's offer is that United will proceed on the basis of a higher offer. By its own admission, United sees Babcock as a one-in-a-thousand company

which perfectly fits the criteria for acquisition. In its formal offer, United chairman, Harry Gray, noted that Babcock is an established high-technology company holding a leading position in its markets—exactly the description of a potential part of the company unveiled. United itself is a strong and well diversified company. Its biggest slice of both sales and to-day has absolutely no connection with Babcock and Wilcox Ltd., is perhaps best known as being one of the three largest producers of nuclear power reactors (the two others are Westinghouse and General Electric). A major customer for this side is the U.S. Navy which today accounts for 40 per cent of commercial demand for reactors.

Commercial sales for nuclear plants may be depressed now because of environmental fears, but looking ahead, the longer term prospects are promising. Still, the company's appeal to United is almost certainly not with this side but rather with Babcock's leading position in the market for fossil-fuelled generators.

All the signs from Washington suggest that the Carter Administration will strive over the next few years to emphasise coal and oil as a greatly increased reliance on imported oil. This side, together with the Associated Tubular Steel activities which are already heavily into anti-pollution businesses, accounted for well over half profits and all projections suggest a very healthy growth in the future.

Given heavy growth projections and the common base in technology, United clearly has both a motive and, perhaps most important, the money to buy Babcock. While the offer of cash may be against recent tradition, having come this far, it is unlikely that the bidder clearly has what a higher offer might do to Babcock's present opposition.

Strong record

In addition, the company gets a significant slice of its returns from its systems operations, a grouping of activities that includes Sikorsky helicopters, electrical and control equipment for Ford cars, aero controls and radar units. The industrial activities centre around Otis but include the wire and cable activities of the other recent acquisition, Essex.

Although United itself emphasises frequently that its activities are subject to rapid changes, the product development cycles and changes in government procurement policies, the company has an enviable strong record of growth. Looking ahead, the company recently won the U.S. Government's utility-aircraft-transportation aircraft systems contract (UTAS), which presently calls for an eventual production of some 1,200 multipurpose helicopters at a cost of \$3.5bn.

This sort of contract obviously has driven home United's increasingly urgent need to diversify away from government business and clearly it's the prospect of growth for Babcock's commercial generating activities that has attracted United's attention. United's 1976 annual report shows December 31 cash to Babcock's present opposition.

Otis elevator

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Braniff adds to fleet

BRANIFF International Corporation bought 75 Boeing 727-200 jetliners from Boeing and has signed a seven-year \$80m. revolving credit at prime interest rate for the first three years. Agencies report.

The new credit line is with a group of 20 banks and replaces a \$100m. revolving credit line owned by Mr. Harding Lawrence, chairman and chief executive officer of Braniff. He has also stated that the airline expects record earnings in the first quarter and the full year. The earnings gains stem, in part, from sharp improvements in the airline's Latin American operations. The Braniff executive also outlined his opposition to airline deregulation proposals under consideration by Congress. He asserted that the proposals, which would allow airlines to fly on routes without Government approval, would lead to brutal competition. "The result would be an oligopoly with United Airlines becoming the General Motors of the industry. American Airlines, Delta Air Lines, Eastern and the other airlines would be practically squeezed out, he indicated.

Another factor in Braniff's business travel has held up better than vacation and personal travel. Businessmen use fewer discount fares than vacationers, which also helps Braniff earnings. A turn around in Latin American operations is also playing a role in improving Braniff's results. Mr. Lawrence said: "In the 1972-74 period, Latin America was contributing about \$10m. a year to net income. In some years that was more than half of Braniff's profit, even though Latin America contributes only about 20 per cent. of the airline's traffic."

Braniff's previous record year was 1976, when the airline earned \$26.4m. or \$1.31 a share, on revenue of \$679m.

Mr. Lawrence, in predicting a record first quarter, noted the previous record first period in 1974, when the net was \$5.7m. or 29 cents a share. In the 1976 first quarter, the airline earned \$2.6m. or 13 cents a share.

FNCB-Waltons makes property loss provision

FNCB-WALTONS corporation has joined the list of Australian finance companies which have made large provisions against property losses. The company reported a 20 per cent. gain in pre-tax earnings to \$A602,000, which translated into an 86 per cent. lift in net profit because of a minimum tax provision of \$A25,800. However, since the close of the half year a provision of \$A6m. was made to cover possible real estate losses. FNCB-Waltons join Commercial and General Acceptance, IAG and Associated Securities Ltd. in making large provisions against property investments.

In the case of CAGA the Board decided to accelerate sales of the property assets and provided \$A20m. to cover losses, resulting in a half yearly profit of \$A10.6m., the need for its major shareholders, the Commercial Banking Company of Sydney and the Bank of America to pump in additional capital, and an offer to buy out the minority public shareholders. FNCB-Waltons has also received a capital injection of \$A7m. from its joint owners—retailer Waltons and U.S. bank, Citicorp. The directors said the acceleration of property sales by some financiers and recent events in the real estate industry—the most dramatic was the collapse of the Farbes Developement Group—caused the Board to review its property portfolio and disposal policy. It had J. D. Hannes, the managing director, therefore been decided to make the provision for possible losses. In arriving at the latest profit operations.

another \$A5.1m. in interest of real estate loans was not taken into account. Since July 1974 a total of \$A17.4m. in interest charge on real estate loans had not been taken into account, while another \$A3.4m. had been charged to profits. At the balance sheet date the total of real estate loans on a non-accrual basis was \$A7.5m. a reduction of only \$A400,000 in the past six months. The breakdown of total receivables shows that at the year end 28 per cent. of the portfolio was in real estate compared with 19 per cent. six months earlier.

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Steady but still quiet

THE EUROBOND secondary market was steadier yesterday but again in relatively quiet trading conditions. Both EMI and Ericsson moved up well. EMI was trading at 100 after its pricing on Tuesday at par while Ericsson opened at 99 1/2 and moved very quickly to 100/100 after its pricing at 100.

Dealers said that allotments of both issues were low. In the case of Ericsson the pricing had been accelerated by a couple of days.

The Union Bank of Finland issue has been priced at par.

EUROBONDS

Steady but still quiet

BY MARY CAMPBELL

THE EUROBOND secondary market was steadier yesterday but again in relatively quiet trading conditions. Both EMI and Ericsson moved up well. EMI was trading at 100 after its pricing on Tuesday at par while Ericsson opened at 99 1/2 and moved very quickly to 100/100 after its pricing at 100.

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BONDTTRADE INDEX table with columns for Medium term, Long term, and Convertible, and rows for Yesterday and Tuesday.

GB-Invest doubled dividend

GB-INVEST has doubled its dividend to 100p from 50p. The company's earnings for the year ended 31st March 1978 were \$1.2m. (1977: \$0.6m.) and its assets were \$1.2m. (1977: \$0.6m.).

The company's earnings for the year ended 31st March 1978 were \$1.2m. (1977: \$0.6m.) and its assets were \$1.2m. (1977: \$0.6m.).

New Nig in London

THE NEW NIG whose headquarter is in Lagos, Nigeria, has opened a branch in London. The branch is at 4, The Strand, London, W.C.2. It is a fourth branch outside the state of Bendel, N. Nigeria, which is entirely owned, had 600 staff in 1977.

Pan Am buy

PAN AMERICAN has bought 100,000 shares of Pan Am World Airways Inc. in New York. The purchase is part of a \$100m. buyback program.

Faber Merit

UNADMITTED FABER MERIT has announced an increase in its share price to 1.30m. (30.2m.) for the year ended December 31, 1977. The company's profit was \$1.4m. (45m.) on sales of \$5.6m. (132m.).

PUK profit

PRIME PUK has reported a profit for the year of \$1.2m. (30m.) on sales of \$5.6m. (132m.).

Natomas Company advertisement for 2,500,000 Shares, \$1.60 Series A Cumulative Convertible Preferred Shares. Lists various financial institutions as underwriters.

Natomas Company advertisement for \$50,000,000 8 3/4% Sinking Fund Debentures due March 15, 1997. Lists various financial institutions as underwriters.

Advertisement for BANKMEES & HOPE, 6% bearer notes 1973 due 1977/1980. Includes details about the bank and its services.

Advertisement for CONSTRUCTION, listing various services and contact information.

Handwritten Arabic text at the bottom of the page.



INTERNATIONAL FINANCIAL COMPANY NEWS

J.P. K... (Handwritten note)

Stork plans to pass 976 dividend

AMSTERDAM, March 30. STORK, the large Dutch general engineering company, concluded 1976 with a net profit of 976 million guilders and proposes to pass a dividend of 976 million guilders...

The company issued a statement in its annual report... The subsidiaries which are strong in the field of services have 'good' prospects to improve their position further...

Weekly net asset Value on March 28 1977. Tokyo Pacific Holdings N.V. U.S. \$ 41.24. Tokyo Pacific Holdings (Seaboard) N.V. U.S. \$ 30.07

VONTSEL EUROBOND INDICES 145.74-100%

DEK 22.37 29.37 AVERAGE YIELD 22.37 23.37

104.85 103.84 DM Bonds 7.270 7.239

102.17 103.20 U.S. Govt. Bonds 8.139 8.139

102.85 102.94 U.S. Govt. Bonds 8.337 8.139

IGADOS Y CONSTRUCCIONES, S.A. (Logo)

Annual Shareholders Meeting

RESOLUTIONS Directors' Report and Accounts of the company for 1976 were approved and the dividend was fixed at 12.5%.

RESULTS Profits, at Ptas. 59,069 million, were million up on the previous year before tax, after allowing Ptas. 1,785 million for depreciation, was Ptas. 2,653 million.

POINTS OF INTEREST The volume of work completed in 1976 was worth more than 55,000 million pesetas. This figure is increased to 600 million pesetas if the subsidiary companies are fully consolidated.

control activities have been developed at the officially recognised 'Geocisa' laboratory.

The Company's assets, estimated at Ptas. 15,522 million, are 21% higher than during the previous year. Its liabilities are fully covered by these assets, even after the consolidation of subsidiary companies.

At the Annual General Meeting, the Board was authorised to increase the capital of the company by a maximum of Ptas. 2,750 million.

In spite of the difficulties that might arise due to economic and socio-political changes in the country, there are firm projections for the years 1977-78.

The high management standards which have dominated the company's 36 years of corporate life will be maintained and conservative financial policies will be continued.

programme of increased mechanisation in the company is continuing and it is led to a further improvement in productivity. The value of plant and machinery is estimated at Ptas. 16,800 million, with a depreciation charge of a 9,179 million.

PASEO ALAMEDA DE OSUNA, 50, MADRID, SPAIN. TELEX: DYCSA-E22434

Cash flow improvement at Roussel

BY DAVID CURRY

DESCRIBING 1976 as "a year of rehabilitation and consolidation" Roussel Uclaf, France's leading pharmaceuticals concern, has announced estimated post-tax profits of Frs.51m—a repetition of the previous year. Adding some Frs.26.6m. gain from the disposal of three subsidiaries as part of the group's policy of divesting itself of participations in which it has no active role and allowing for profit-sharing, the final net profit comes out at Frs.77m.

Cash-flow perked up by around 6.2 per cent to Frs.188m., being composed of net consolidated profit, depreciation and half the amount set aside as provisions for price rises. Turnover showed a 6.7 per cent improvement in absolute terms to Frs.3,270m. and in comparative terms was 8.1 per cent to the good allowing for the effect of disinvestment.

At the parent company level profits before extraordinary gains and profit-sharing came out at Frs.46.7m., up 5.7 per cent, and works out at Frs.88.5m. or nearly 18 per cent to the good after all adjustments. Cash flow was 6.1 per cent better at Frs.121m.

DOMESTIC BONDS Landmarks for W. German market

BY PAULINE CLARK

THE WEST German capital market passed two landmarks this week with the announcement of terms for the new Federal Government long-term loan. The issue to be launched next week for DM850m. carries both a coupon lowered 0.25 percentage points to 6 1/2 per cent, and a maturity raised by two years—compared with the previous Government issue—to 10 years.

RENNIES may cut payout to raise cover

BY RICHARD ROLFE

RENNIES CONSOLIDATED, in which Jardine Matheson took a 53 per cent stake in October, 1976, gives a warning in its latest annual report covering the 18 months to December 31, 1976, that "it may well be necessary to reduce dividends so as to restore a cover more in keeping with inflationary times."

JOHANNESBURG, March 30. Makro, and its bulk terminal in Durban, should contribute to current year earnings during the current year, the dividend will probably be held, but Mr. Fiddian-Green says that "it would be unwise to rely on earnings in 1977 to be significantly in excess of those achieved in 1976" without each a contributory in the RENNIES balance sheet shows net worth of 174c per share, while the debt:equity ratio, as high as 145 per cent, interests, its 33 per cent stake before the Jardine Matheson in the wholesale organisation, deal, has fallen to 89 per cent.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

Table with columns: STRAIGHTS, Offer, Bid, Bid. Lists various bond prices including Alcan 9 1/2% 1982, Australia 9 1/2% 1981, etc.

NOTES Australia 9 1/2% 1982, Belgium 9 1/2% 1982, etc.

CONVERTIBLES American Express 4 1/2% 97, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

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HONG KONG COMPANIES

Hong Kong Land has profits rise to HK\$200m.

BY DANIEL NELSON

IN THE MIDST of a HK\$600m. redeveloping of all its properties in Hong Kong's Central District, Hong Kong Land has announced a group net profit of \$201.7m. for 1976, up from \$173.2m. the previous year.

The final dividend is 22 cents (19), making a record total of 33 cents (29). Earnings per share rose 16.5 per cent, to 42 cents (36).

The company, which the general manager Mr. Vernon Roberts claims is "the biggest real estate company in the world"—is reaping the rewards for laying plans for the future during the recession of 1974.

The recovery of Hong Kong's economy has coincided with the progress of the group's development plans. The day before the results were announced it awarded a contract for the first stage of a \$600m. 4,350 flats scheme, one of the largest housing developments ever undertaken by private enterprise in the Colony.

There was such a demand when the first nine blocks were offered to the public in December that police had to be called in to control the queue of applicants.

The demand confirmed the company's success with its residential developments—at the end of last year its properties had a 100 per cent occupancy rate. But it is the Central District scheme which is the kingpin of Hong Kong Land's operations.

Phase One, Alexandra House, Hutchison International, said it was completed last year and no difficulty was experienced in but gave no details. In July, the company announced it was providing 15,643 square feet of land to China Provident in return for the latter's provision of \$7.28m-worth of shares to its parent company.

The latest profit figure continues the company's tradition of making conservative profit forecasts, for in October Mr. Wyllie forecast a total of "not less than" \$75m. There was previously even greater discrepancy. In the 1975 annual report, the then chairman, Sir Douglas Clague, said the company could look forward to a "further increase" in profits while his successor hoped that the "same level" could be maintained. In October, 1976, the company forecast unconsolidated net profits of about \$45m., whereas the figure proved to be \$56.2m., an increase of \$2.14m.

HONGKONG and WHAMPOA DOCK announced a one-for-ten bonus issue and a final 1976 dividend of 18 cents (after an unchanged interim of 15 which caused some disappointment), making a total of 33 cents (30) on a group net profit of HK\$201.7m. compared with HK\$173.2m. in 1975.

Extra-ordinary items were not included in the profit total. In his interim report in October the chairman Mr. Bill Wyllie had said that the sale of two properties prior to redevelopment would produce extra-ordinary capital profits of about \$140m.

The company, an affiliate of Hutchison International, said it also had an extra-ordinary profit but gave no details. In July, the company announced it was providing 15,643 square feet of land to China Provident in return for the latter's provision of \$7.28m-worth of shares to its parent company.

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The company, which the general manager Mr. Vernon Roberts claims is "the biggest real estate company in the world"—is reaping the rewards for laying plans for the future during the recession of 1974.

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New Issue. All of these securities have been sold. This announcement appears as a matter of record only. March, 1977

TOYO MENKA KAISHA, LIMITED

(Kabushiki Kaisha Tomen) (Incorporated with limited liability in Japan)



US \$30,000,000 7 1/2 per cent. Guaranteed Notes 1982 unconditionally and irrevocably guaranteed as to payment of principal and interest

THE TOKAI BANK, LIMITED (Kabushiki Kaisha Tokai Ginko) (Incorporated with limited liability in Japan)

The Nikko Securities Co., (Europe) Ltd. Morgan Grenfell & Co. Limited Amsterdam - Rotterdam Bank N.V. Citicorp International Group Credit Suisse White Weld Limited Kleinwort, Benson Limited Manufacturers Hanover Limited Societe Generale de Banque S.A. Tokai Kyowa Morgan Grenfell Limited

- List of banks and financial institutions including: Aiahli Bank of Kuwait (K.S.C.), Agence Bank Nederland N.V., A.E. Ames & Co. Limited, Amex Bank Limited, The Arab and Morgan Grenfell Finance Company Limited, Arab Financial Consultants Company S.A.K., Astaire & Co. Limited, Bache Halsey Stuart Inc., Julius Baer International Limited, Banca Commerciale Italiana, Banca del Gottardo, Banca Nazionale del Lavoro, Banco di Roma, Banco di Roma per la Svizzera, Bank of America International, Bank Gutzwiller, Kurz, Bungenfer (Overseas) Limited, Bank Mees & Hope NV, The Bank of Tokyo (Holland) N.V., Bankers Trust International Limited, Banque Arabe et Internationale d'Investissement (B.A.I.) Paris, Banque Bruxelles Lambert S.A., Banque Francaise de Depots et de Titres, Banque Francaise du Commerce Extérieur, Banque Générale du Luxembourg S.A., Banque de l'Indochine et de Suez, Banque Internationale à Luxembourg S.A., Banque Nationale de Paris, Banque de Neufize, Schlumberger, Mallet, Banque Ormond, Burros & Cie. SA, Banque de Paris et des Pays-Bas, Banque Populaire Suisse SA, Luxembourg, Banque de l'Union Européenne, Barclays-Bank International Limited, Baring Brothers & Co. Limited, Bayerische Hypothek- und Wechselbank, Bayerische Landesbank Girozentrale, Berliner Handels- und Frankfurter Bank, Blyth Eastman Dillon & Co. International Limited, Calise des Depots et Consignations, Cazenove & Co., Centrale Rabobank, Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., Chase Manhattan Limited, Christiania Bank og Kreditkasse, Clariden Bank, Commerzbank, Aktiengesellschaft, Compagnie Monégasque de Banque County Bank Limited, Creditanstalt-Bankverein, Credit Commercial de France, Crédit Industriel d'Alsace et de Lorraine, Crédit Industriel et Commercial, Crédit Lyonnais, Crédit du Nord, Credito Italiano (Underwriters) S.A., Dai-ichi Kangyo Bank (Schweiz) AG, Daiwa Europe N.V., Dean Witter International, Den Danske Bank, Den norske Creditbank, Dillon, Read Overseas Corporation, Dominion Securities Limited, DG BANK, Deutsche Genossenschaftsbank, Deutsche Girozentrale, Deutsche Kommunalkbank, Dresdner Bank, Aktiengesellschaft, Drexel Burnham & Co. Incorporated, Eurocapital S.A., Euromobiliare S.p.A., Compagnia Europea Interbanciera, European Banking Company Limited, Eurotrading Limited, Fincor, First Boston (Europe) Limited, First Chicago Limited, Robert Fleming & Co. Limited, Fuji Kleinwort Benson Limited, Antony Gibbs Holdings Ltd., Girozentrale und Bank der Österreichischen Sparkassen, Aktiengesellschaft, Goldman Sachs International Corp., Hambro-Mitsui Limited, Hambros Bank Limited, Handelsbank N.W. (Overseas) Limited, Heilische Landesbank-Girozentrale-Hilf Samuel & Co. Limited, IBI International Limited, Interunion-Banque, Jardine International Bank Limited, Jardine Fleming & Company, Limited, Kidder, Peabody International Limited, Kjøbenhavns Handelsbank, Kreditbank N.V., Kreditbank S.A. Luxembourg, Kuhn Loeb & Co. Asia, Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.), Kuwait International Investment Co. S.A.K., Kuwait International Finance Co. SAK (KIFCO), Kuwait Investment Company (S.A.K.), Kyowa Finance (Hong Kong) Limited, Lazard Brothers & Co., Limited, Loeb Rhoades & Co. Inc., Merrill Lynch International & Co., Samuel Montagu & Co. Limited, Morgan Grenfell (Asia) Limited, Morgan Stanley International, Nederlandische Middenstandsbank N.V., New Japan Securities Co., Ltd., The Nikko Securities Co., (Asia) Ltd., Nippon European Bank S.A., The Nippon Kangyo Bank (Schweiz) AG, Securities Co. Ltd., Nomura Europe N.V., Nordfinanz-Bank Zürich, Nordbank Limited, Okasa Securities Co., Ltd., Österreichische Länderbank, Paine Webber Jackson & Curtis Securities Limited, Peterbroeck, Van Campenhout, Kempen S.A., Pierson, Holding & Pierson N.V., Pkbanken, Postipankki, Privatbanken Aktieselskab, N.M. Rothschild & Sons Limited, Rothschild Bank AG, Rowe & Pitman, Hurst-Brown, Salomon Brothers International Limited, Sal Oppenheim jr. & Cie., Sarwa Bank (Underwriters) Limited, Sanyo Securities Co., Ltd., Saudi Arabian Investment Company Inc., J. Henry Schroder Wagg & Co. Limited, Shields's Model Roland Incorporated, Singer & Friedlander Limited, Skandinaviska Enskilda Banken, Smith Barney, Harris Upham & Co. Incorporated, Societa Finanziaria Assicurativa (SOFIAS) R.A.S. Group, Societa Bancaria Barclays (Suisse) S.A., Societa Generale, Societa Sequanaise de Banque, Strauss, Turbul & Co. Limited, Sumitomo Finance International, Svenska Handelsbanken, Swiss Bank Corporation (Overseas) Limited, Taiyoo Koba Finance Hongkong Ltd., Tokai Bank Nederland N.V., Trade Development Bank Overseas Inc., Union Bank of Switzerland (Securities) Limited, Union de Banques Arabes et Francaises - U.B.A.F., United Overseas Bank Limited, Singapore, Vereins- und Westbank, Aktiengesellschaft, J. Vontobel & Co., S.G. Warburg & Co. Ltd., Wako Securities Company Limited, Warley Ltd., Westdeutsche Landesbank Girozentrale, Wood Gundy Limited, Yamaichi International (Europe) Limited, Yamatane Securities Co., Ltd.



WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Downtrend resumed in early trading £ very firm

BY OUR WALL STREET CORRESPONDENT

THE RECENT downward trend resumed on Wall Street today, after a slight extension of yesterday's technical rally.

After gaining another 1.50 to 833.31, the Dow Jones Industrial Average came back to 825.70 by mid-day, for a net loss of 8.61.

The pessimism remains because of a variety of factors, including speculation about the content of President Carter's Energy Conservation Proposals.

TUESDAY'S ACTIVE STOCKS

Table with columns for Stock Name, Change, and Price. Includes stocks like IBM, Ford, and General Motors.

Advances by a seven-to-four margin. Trading remained slow at 450,000 shares.

The pessimism remains because of a variety of factors, including speculation about the content of President Carter's Energy Conservation Proposals.

A U.S. Government report of a 0.4 per cent rise in February Leading Economic Indicators.

Standard and Poors

Ind. div. yield 4.56

Ind. div. yield 4.18

Ind. div. yield 10.46

Long Govt. Bond yield 7.71

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help to overcome lack of investor conviction. "High quality" issues were leading to-day's declines.

Superior Oil which lost \$10 yesterday, fell another \$7 to \$188 following lower earnings and estimated lower than expected natural gas reserves.

Other Markets

Canada higher

Canadian stock markets were slightly higher yesterday morning.

A U.S. Government report of a 0.4 per cent rise in February Leading Economic Indicators.

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and Dome Petroleum at \$421 each gained \$1.

PARIS—Irregular in calm trading, with investors waiting for the new French Government to be announced.

BRUSSELS—Mixed trend.

GERMANY—Mixed in light trading.

AMSTERDAM—Firm in quiet

trading.

London fell on profit-taking.

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trading. The flow of mostly favourable Corporate news aided sentiment.

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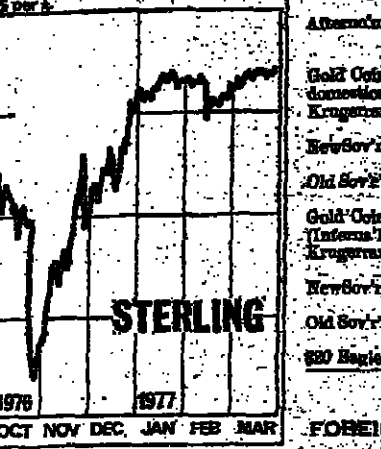
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STERLING

Special Drawing Rights Rates

Table with columns for Country, Rate, and Date. Includes countries like USA, UK, France, Germany, etc.

Exchange Cross-Rates

Table with columns for City, Rate, and Date. Includes cities like London, New York, Paris, etc.

Euro-Currency Interest Rates

Table with columns for Currency, Rate, and Term. Includes currencies like Sterling, U.S. Dollar, etc.

Germany

Table with columns for Stock Name, Price, and Change. Includes companies like A.G., Allianz, etc.

Tokyo

Table with columns for Stock Name, Price, and Change. Includes companies like Asahi, Dai Nippon, etc.

Australia



# FARMING AND RAW MATERIALS

## Australian sugar sale to China

SYDNEY, March 30. THE AUSTRALIAN sugar industry has clinched a deal to supply record tonnage of raw sugar to the Chinese this year. Mr. C. L. Harris, chairman of the Sugar Board, closed here today that 260,000 tons of sugar worth about \$280 million would be shipped to China, with room for increased tonnage if required. The deal is worth about \$280 million, the highest amount in 20 years since 1957. The industry hoped that the arrangement would be the start of a long-term relationship with China. The possibility of developing sugar trade with China is being explored further in an important mission to China, headed by the President of the China Council for Promotion of International Trade, is scheduled to visit Australia.

## Maize syrup output rise recast

NEW YORK, March 30. HIGH fructose maize syrup will increase capacity to 2.5bn lbs. sugar basis and into early 1978, the present 3bn lbs. Mr. E. Nordlund, A. E. Staley acting chairman, said. The company would expand this capacity would be in the market in a manner, but he acknowledged that some of the depressed prices, he still expects the industry to have a cost edge over sugar.

## Citrus export loss cut

ISRAELI CITRUS exports this season will fall 1.5m cases short of the original target for 1977-1978 as a result of the six-day strike and slowdown in the ports, and not by 3m cases as had been feared, the Israel Citrus Marketing Board said. Shipments of grapefruit and late oranges are affected mainly but those of Shamouti-type oranges had almost completed when the strike broke out. But the Board expects to be able to meet all contract obligations to customers, both in quantity and quality.

# Price Commission probe of tea market planned

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE TEA market is being probed in its emotional and political importance by the Commission on the Tea Market. The Commission may go into the heart of the commodity market as it has been asked not only to examine the process of importing, blending, packaging and distribution of tea but also the effects of recent world price movements.

The reference, which comes at a time when the Commission is investigating the coffee market, was announced by Mr. Roy Hattersley, Secretary of Prices yesterday. The department said it was designed to ensure that consumers were not being exploited.

The move has been expected for some time in the light of the dramatic increase in tea prices in the auctions and in the biggest grocery markets in Britain and equalled only by the bread in its emotional and political importance. In the British diet.

Through the price in the London auction fell this week before, tea was selling at over three times the price of a year ago. The retail price, which until this year has gone up much more slowly than most other food prices, still has to reflect this upsurge.

Since last August the price of tea in the shops has risen from around 10p a quarter to 20p. The major manufacturers presently have another round of applications before the Price Commission and it is thought that these could add another 5p to the retail price.

And this may not be the end of the spiral as the manufacturers warned two weeks ago that if auction prices remained above 200p a kilo the retail price would have to go up to at least 30p a quarter.

The manufacturers claim in their submissions to the Price Commission that around 80 per cent of the retail price of tea is attributable to raw material costs so the Commission may feel that it has to examine in depth why the auction price has risen so fast.

It may also want to look at the manufacturers' arrangements for selling tea on allocation to retailers at the present time.

Last night the tea manufacturers said they were confident that the Commission would find no evidence of profiteering and pointed out that the rise in the retail price lagged behind the increase in auction prices.

# London metal prices rally

BY JOHN EDWARDS, COMMODITIES EDITOR

METAL PRICES rallied strongly on the London Metal Exchange yesterday recouping some of the heavy losses suffered in the first two trading days of the week. Cash tin had the biggest rise, gaining £217.5 to £5,425 a tonne. Cash lead moved up by £29.5 to £366 a tonne and cash zinc gained £15.5 to £383.5 a tonne.

Copper, which has the smallest previous losses, rallied to close with cash wirebars closing £11 up at £866.5 a tonne.

Generally trading was much quieter than hectic conditions on Tuesday in particular and the rise in prices, was seen mainly as a technical reaction following the recent losses.

The upward trend was encouraged by the lowering of U.K. interest rates, which helped narrow the discounts of cash prices to forward quotations.

But it was noted that the copper market remained jittery with covering of previous "short" sales being mainly responsible for the rise.

There was a similar pattern in lead, where the recovery was aided by some trade buying, and in zinc where selling emerged when the three months price broke through £400 again for a brief period.

Tin rose rapidly in early trading, encouraged by the steady tone in the Far East market overnight where the Straits tin price stayed unchanged at \$M1,400 a picul despite the steep fall in London on Tuesday.

The firmness of the Malaysian market was attributed partly to the news that Bolivia had agreed to ratify the International Tin Agreement and thus ensure its continued existence.

It was felt this would provide more security for producers, especially in view of the periodic buffer stock "floor" and "ceiling" reviews agreed by the Tin Council as an encouragement for Bolivia to ratify.

Meanwhile, Tin Council at its meeting in London announced buffer stock holdings on December 31 were 806 tonnes, although it should be remembered that two weeks later it was announced that the buffer stock holdings were exhausted.

From Washington, Reuters reported that the House Rules Committee set March 31 for hearings on Congressman Charles Bennett's revolving fund Bill, which requires that income from the sale of strategic materials from the national stockpile can only be used to purchase other such materials.

# Citrus export loss cut

BY OUR OWN CORRESPONDENT

TEL AVIV, March 30. ISRAELI CITRUS exports this season will fall 1.5m cases short of the original target for 1977-1978 as a result of the six-day strike and slowdown in the ports, and not by 3m cases as had been feared, the Israel Citrus Marketing Board said. Shipments of grapefruit and late oranges are affected mainly but those of Shamouti-type oranges had almost completed when the strike broke out. But the Board expects to be able to meet all contract obligations to customers, both in quantity and quality.

Mr. Zbi Kanan Board director pointed out that 500,000 cases of fruit which had been in the ports or in packing houses during the strike, and whose quality could possibly be in doubt, had been diverted to the home market and to processing plants.

The original plan for the 1976-1977 season called for a shipment of between 48m-49m cases.

# Coffee and cocoa lose early gains

BY RICHARD MOONEY

COFFEE AND cocoa prices on the London terminal markets closed higher yesterday in spite of sharp late falls. May coffee climbed to £1,065 a tonne at one stage, but closed only £26.5 higher on the day at £1,038.5 a tonne. May cocoa price established a gain of £116.5 to £1,630.5 up at £2,247 a tonne.

Cocoa dealers said there was no significant fundamental news to explain the wide fluctuations. The sharp early rise was seen mainly as a follow-through from the weak overnight tone in New York aided by signs of good manufacturer take-off.

But the late fall was taken by many traders as confirmation that the market has moved into a strong "bear" trend.

The recent pattern of several days of falls followed by brief runs of successful rallies is seen by chartists as a classic "bear" indicator.

The decline in coffee prices was seen as an indication of the market's continued hesitancy, resulting from uncertainty on consumption trends, particularly in the U.S. Dealers said the market was extremely quiet yesterday.

# Call for bigger pig subsidy

BY OUR COMMODITIES STAFF

THE 50p a score (20 lbs) subsidy on British pig production must be at least doubled to bring British pig farmers to a break-even situation, according to Mr. H. M. Newton-Claire, chief executive of the British Pig Producers' Federation.

Introducing a new promotion campaign in London yesterday, he said Britain had long been a "dumping ground" for foreign produced bacon, particularly from Denmark. But the introduction of a tariff defence of the subsidy had demonstrated that the Government was aware of the problems of the U.K. pig industry although "frustrated" at the lack of progress in the EEC farm price talks.

The promotion introduced yesterday is designed to re-establish Harris's top quality bacon — under the restructured Crown brand mark — as the equal of the Danish product. Harris will be spending between £150,000 and £200,000 over 12 months on re-establishing the mark, which was dropped in 1960.

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THE 50p a score (20 lbs) subsidy on British pig production must be at least doubled to bring British pig farmers to a break-even situation, according to Mr. H. M. Newton-Claire, chief executive of the British Pig Producers' Federation.

Introducing a new promotion campaign in London yesterday, he said Britain had long been a "dumping ground" for foreign produced bacon, particularly from Denmark. But the introduction of a tariff defence of the subsidy had demonstrated that the Government was aware of the problems of the U.K. pig industry although "frustrated" at the lack of progress in the EEC farm price talks.

The promotion introduced yesterday is designed to re-establish Harris's top quality bacon — under the restructured Crown brand mark — as the equal of the Danish product. Harris will be spending between £150,000 and £200,000 over 12 months on re-establishing the mark, which was dropped in 1960.

# U.K. urged to exploit desert plant

BY OUR COMMODITIES STAFF

WASHINGTON, March 30. AT various meetings under the forum, Asian countries has sought the co-operation of Japan to ensure that its expansion of synthetic rubber would not adversely affect the natural rubber industry.

As well as the Asian countries have also sought Japan's assistance in finding more industrial uses for natural rubber. The tyre laboratory, to be sited near the existing Malaysian rubber technological centre outside Kuala Lumpur, would be ready to incorporate any findings of the laboratory would be made available to all Asian countries.

An advantage of Guayule is that it can be grown in the ground without the need for irrigation, the panel said. It can, therefore, be viewed as a living and growing stockpile which, once established, requires little or no management or care and provides an economic "cushion" that will survive drought for several years.

The Guayule plant also has by-products such as a remarkably hard wood which is used in the manufacture of plywood and other products. The guayule and the guayule resin have commercial value.

Earlier legislation was submitted in Washington to authorize the Government to spend \$60m. over five years to start a domestic natural rubber industry.

Senator Peter Domenici and Representative George Brown said such an industry should be developed in the arid deserts of the U.S. West.

Our Malaysian correspondent writes from Kuala Lumpur: The Government is to spend \$50m. (£12m) to build a research laboratory in Malaysia for the testing and development of synthetic rubber products.

The Japanese aid is provided under the Asian-Japan forum of synthetic rubber, started three of years ago.

# Fish farming potential limited

BY DAVID FISHLICK, SCIENCE EDITOR

FISH FARMING cannot produce cheap protein, and cannot make a significant difference to the total protein intake of the population, according to the Ministry of Agriculture, Fisheries and Food scientists.

Commercial fish farming produces high-quality, high-priced foods, for example, trout, and possibly turbot in the future.

But the contribution of 2,500 tonnes a year to a catch of nearly 1m. tonnes landing at British ports, says Mr. C. E. Purdom and Mr. A. Preston, of the Ministry's Fisheries Laboratory at Lowestoft, writing in Nature today.

Even a ten-fold increase in the yield from fish farming over the next five years — a target described as "both worthwhile and probable" — the scale will be totally inadequate to accommodate fluctuations in the yield from the sea.

The fluctuations arise from political or management decisions, or from natural causes, and may amount to hundreds of thousands of tonnes a year.

Species for which landings are low, such as turbot (700 tonnes in 1975) or sole (1,300 tonnes in 1975), there is a prospect of significantly adding to supplies.

Turbot farming has been researched at Lowestoft since 1972 and is presently in pilot-scale production.

Turbot is a voracious feeder and an efficient converter of specially prepared animal protein feeds — around 50 per cent compared with 30 per cent for salmon or trout. Survival rates at Lowestoft have risen from negligible levels to 25 per cent.

Spawning is seasonal, which restricts the options and the pace at which research can proceed. But scientists have managed to bring spawning forward from mid-summer to March, and hope that it may be brought forward to early winter.

# COMMODITY MARKET REPORTS AND PRICES

### METALS

Standard on the London market. The price of tin rose to £5,425 a tonne, lead to £366 a tonne and zinc to £383.5 a tonne. Copper advanced to £866.5 a tonne.

Commodity	Unit	Price
Tin	tonne	£5,425
Lead	tonne	£366
Zinc	tonne	£383.5
Copper	tonne	£866.5

### COCOA

London's cocoa prices rose to £1,630.5 a tonne. Coffee prices were also higher, with May coffee at £1,038.5 a tonne.

Commodity	Unit	Price
Cocoa	tonne	£1,630.5
May Coffee	tonne	£1,038.5

### SUGAR

London's sugar prices rose to £2,247 a tonne. The price of sugar was supported by a strong market.

Commodity	Unit	Price
Sugar	tonne	£2,247

### PRICE CHANGES

Summary of price changes for various commodities including metals, oil, and other goods.

Commodity	Change
Gold	+10.0
Silver	+1.0
Platinum	+2.0

### U.S. Markets

Summary of U.S. market prices for various commodities.

Commodity	Price
Wheat	\$1.20
Corn	\$0.80
Soybeans	\$1.50

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### COFFEE

London's coffee prices rose to £1,038.5 a tonne. The price of coffee was supported by a strong market.

Commodity	Unit	Price
Coffee	tonne	£1,038.5

### Wool Futures

London's wool futures prices rose to £2,247 a tonne. The price of wool was supported by a strong market.

Commodity	Unit	Price
Wool	tonne	£2,247

### Oil

London's oil prices rose to £2,247 a tonne. The price of oil was supported by a strong market.

Commodity	Unit	Price
Oil	tonne	£2,247

### Grains

London's grain prices rose to £2,247 a tonne. The price of grain was supported by a strong market.

Commodity	Unit	Price
Grain	tonne	£2,247

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### RUBBER

London's rubber prices rose to £2,247 a tonne. The price of rubber was supported by a strong market.

Commodity	Unit	Price
Rubber	tonne	£2,247

### MEAT/VEGETABLES

London's meat and vegetable prices rose to £2,247 a tonne. The price of meat and vegetables was supported by a strong market.

Commodity	Unit	Price
Meat	tonne	£2,247
Vegetables	tonne	£2,247

### PALM OIL

London's palm oil prices rose to £2,247 a tonne. The price of palm oil was supported by a strong market.

Commodity	Unit	Price
Palm Oil	tonne	£2,247

### FINANCIAL TIMES

Summary of financial market data and news.

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### SILVER

London's silver prices rose to £2,247 a tonne. The price of silver was supported by a strong market.

Commodity	Unit	Price
Silver	tonne	£2,247

### SOYABEAN MEAL

London's soyabean meal prices rose to £2,247 a tonne. The price of soyabean meal was supported by a strong market.

Commodity	Unit	Price
Soyabean Meal	tonne	£2,247

### COTTON

London's cotton prices rose to £2,247 a tonne. The price of cotton was supported by a strong market.

Commodity	Unit	Price
Cotton	tonne	£2,247

### REUTERS

Summary of Reuters market data and news.

## PERSONAL

IMPERIAL RUSSELL ROUTING, Notes, Cards, Serials, 777-47 514 34M.

### GRAINS

London's grain prices rose to £2,247 a tonne. The price of grain was supported by a strong market.

Commodity	Unit	Price
Grain	tonne	£2,247

### MEAT/VEGETABLES

London's meat and vegetable prices rose to £2,247 a tonne. The price of meat and vegetables was supported by a strong market.

Commodity	Unit	Price
Meat	tonne	£2,247
Vegetables	tonne	£2,247

### MOODY'S

Summary of Moody's market data and news.

## Discussion of breakdown

DELEGATES to a vehicle recovery conference at Wembley on May 5 and 6 will be able to see demonstrations of a variety of lifting gear used by the country's breakdown men to clear Britain's roads.

The conference will be held at the Wembley Centre. It is being sponsored by "Commercial Motor" and is designed to give the industry a chance to study the latest methods and products.

Speakers will discuss training available from the Road Transport Industry Training Board and its grant and levy schemes.







AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table listing various unit trusts and offshore funds with columns for fund names, managers, and performance metrics.

INSURANCE, PROPERTY, BONDS

Table listing insurance, property, and bond products with columns for product names, providers, and details.

Unit Trust Notebook No.11

Chairman's Statement

1976 was a year of progress for the unit trust industry in the continuing weakness of the economy...

Advantages: For the majority of investors, unit trusts provide the convenient route to quoted shares...

Linked policies: I would like to comment particularly on factors which have come increasingly to affect the sales of the life assurance industry...

Exchange Schemes: The second notable feature of the life assurance industry is the popularity of exchange schemes...

Choice of the investor: The Association must increasingly view the British investor's interests on a broad basis...

Unit Trust Association, 16 Finsbury Circus, London EC2M 7JP Telephone 01-628 0871

Table titled 'INSURANCE BASE RATES' showing various rates for different insurance products.

NOTES: Prices do not include 5% premium, except where indicated...



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FT SHARE INFORMATION SERVICE

INDUSTRIALS - Continued

BRITISH FUNDS table with columns for High, Low, Stock, Price, Div, Cr, Yld, and various fund names like Short's (Live up to Five Years).

CANADIANS table listing Canadian stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

BUILDING INDUSTRY - Continued table listing building industry stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

DRAPERY AND STORES - Continued table listing drapery and stores stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

ENGINEERING - Continued table listing engineering stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

Over Fifteen Years table listing long-term investments with columns for High, Low, Stock, Price, Div, Cr, Yld.

BANKS AND HIRE PURCHASE table listing bank and hire purchase stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

CHEMICALS, PLASTICS table listing chemical and plastic stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

ELECTRICAL AND RADIO table listing electrical and radio stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

ENGINEERING, MACHINE TOOLS table listing engineering and machine tools stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

INDUSTRIALS (Miscellaneous) table listing various industrial stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

INTERNATIONAL BANK table listing international bank stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

BEERS, WINES AND SPIRITS table listing beer, wine, and spirit stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

CINEMAS, THEATRES AND TV table listing cinema, theatre, and TV stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

DRAPERY AND STORES table listing drapery and stores stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

FOOD, GROCERIES table listing food and grocery stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

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COMMONWEALTH & AFRICAN LOANS table listing commonwealth and African loan stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

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FOREIGN BONDS & RAILS table listing foreign bonds and rail stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

BUILDING INDUSTRY, TIMBER AND ROADS table listing building, timber, and road stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

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AMERICANS table listing American stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

BUILDING INDUSTRY, TIMBER AND ROADS table listing building, timber, and road stocks with columns for High, Low, Stock, Price, Div, Cr, Yld.

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Conversion factor 0.7666 (0.7150)



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INDUSTRIALS - Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, high/low, and volume.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like Rover, Jaguar, and British Aerospace.

PROPERTY - Continued

Table of property-related stocks including companies like British Land and National Westminster Bank.

TRUSTS - Continued

Table of trust and finance stocks including companies like British Trustee and National Westminster Bank.

COMMERCIAL VEHICLE

Table of commercial vehicle stocks including companies like Leyland and Leyland DAF.

COMPONENTS

Table of component stocks including companies like Lucas and Lucas Industries.

SANYO SECURITIES CO. LTD. advertisement with logo and contact information.

MINES - Continued

Table of mining stocks including companies like Anglo American and Anglo Coal.

SHIPPERS, REPAIRERS

Table of shipper and repairer stocks including companies like Harland & Wolff.

SHIPPING

Table of shipping stocks including companies like Cunard and P&O.

SHOES AND LEATHER

Table of shoe and leather stocks including companies like Clarks and J. & S.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo American and Anglo Coal.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like News International.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks including companies like News International.

PROPERTY

Table of property-related stocks including companies like British Land.

TOBACCO

Table of tobacco stocks including companies like British American Tobacco.

TRUSTS, FINANCE, LAND

Table of trust, finance, and land stocks including companies like British Trustee.

FAR WEST RAND

Table of far west rand stocks including companies like Anglo American.

O.F.S.

Table of O.F.S. stocks including companies like Anglo American.

FINANCE

Table of finance stocks including companies like National Westminster Bank.

DIAMOND AND PLATINUM

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DIAMOND AND PLATINUM

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OVERSEAS TRADERS

Table of overseas trader stocks including companies like Anglo American.

RUBBERS AND SISALS

Table of rubber and sisal stocks including companies like Anglo American.

TEAS

Table of tea stocks including companies like Anglo American.

INDIA AND BANGLADESH

Table of India and Bangladesh stocks including companies like Anglo American.

AFRICA

Table of African stocks including companies like Anglo American.

MINES

Table of mining stocks including companies like Anglo American.

CENTRAL RAND

Table of central rand stocks including companies like Anglo American.

EASTERN RAND

Table of eastern rand stocks including companies like Anglo American.

RECENT ISSUES - and "Rights" Page 40

Table of recent issues and rights information.

REGIONAL MARKETS

Table of regional market data.

OPTIONS

Table of options data.

3-month Call rates

Table of 3-month call rates.

NOTES

Notes section containing various financial notices and announcements.

ST LANKA

Table of Sri Lanka stock market data.

AFRICA

Table of African stock market data.

MINES

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Table of diamond and platinum stock market data.



# Unions react angrily to Leyland investment freeze

BY TERRY DODSWORTH AND ARTHUR SMITH

THE TRADE UNION movement reacted angrily last night to Leyland's decision to freeze investment in its cars group until the present review into its future is completed.

Though Leyland stresses that this is simply a prudent expedient until it knows in which direction its investment plans are going, the trade union side feels that the freeze is yet another blow to the future of the cars group.

Mr. Mos Evans, national organiser of the Transport and General Workers' Union, described the decision as a setback. "I was hoping that all the plans Leyland had to expand, particularly at Longbridge, would have gone ahead."

His views were echoed by Mr. Ken Cure, the East Birmingham district secretary of the Amalgamated Union of Engineering Workers.

He said that he was disappointed that the decision to freeze investment in Leyland's cars group was not only in the car company but in firms supplying goods and services to the industry.

Mr. Brian Mathers, Midlands regional secretary of the TGWU, complained that there had been no consultation before the announcement. "The important thing now is to get the co-operation and enthusiasm of the work force, and this is not the way to go about it."

Privately trade unionists are saying that the threat of the investment freeze will produce an unpleasant atmosphere for the working parties which are trying to hammer out an industrial relations policy for the group.

The two groups, one for staff, the other for manual workers, have been given the task of pro-

ducing a formula for a "radical" improvement in Leyland's industrial relations by the time it goes to the National Enterprise Board for its next tranche of about £200m. of State loans.

Leyland plans a wholesale revision of its labour relations including a reduction in bargaining units, common starting dates to agreements, moves toward the payment of uniformity between plants, and a new look at the problem of differentials for skilled workers.

There is an awareness among union leaders of the need to come to an agreement on these issues, but they believe that the freeze decision will not help to sell a package to the rank-and-file.

The freeze will also clearly put back the launch date for the planned new Mini, even if it receives the go-ahead after the review.

There is a growing feeling that

# Barnett promise on higher pensions

BY RICHARD EVANS

THE NEXT increase in pensions and other benefits in the autumn will be based on either the price index or the earnings index, whichever rises more, Mr. Joel Barnett, Chief Secretary to the Treasury, confirmed in the Commons yesterday.

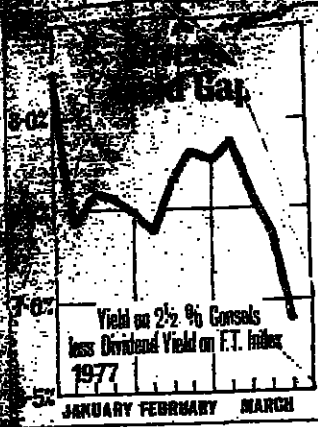
But he failed to give any assurance over the period on which the review will be based and this could make an appreciable difference to the scale of the new pension rates.

MPs had been puzzled at the failure of Mr. Denis Healey, Chancellor of the Exchequer, to make any meaningful reference to pensions in his Budget statement, and the Tory Front Bench failed yesterday to gain the assurances they sought from the Chief Secretary.

Mr. Barnett was asked by Mr. Patrick Jenkin, Opposition social services spokesman, whether there would be a review of the movement in earnings and prices in the current financial year, ending next week.

# A heady reaction by gilt-edged

It was a day when a gilt-edged stock showed an appreciable rise. The index rose 6.8 to 427.8.



It was a day when a gilt-edged stock showed an appreciable rise. The index rose 6.8 to 427.8. The market reacted to the Budget with a sharp rise in the gilt-edged market, where the Budget's cautious stance was heartily welcomed.

Equities, in sharp contrast, enjoyed only a modest advance, and the 30-Share Index remains some 7 points below the recent high. The reverse yield gap has narrowed significantly over the past month—by a full point; the Budget has affirmed that the economy will remain in recession, a situation which is bound to favour bonds.

Example is where a... accounts for... return... up from 20.8m... But in general... performance seems... much to last year's... economic circum... CIP profits for w... worth were actual... little. (This is the... about yield of 7.2 p...

## English Property

A year ago, English indicated that the value of its development... about £12m.—might be... about £12m.—might be... was thought appropr... stage. This time, the... group has decided... which are now... still be 15 per cent... their value on comp... In addition, the... been unable to... investment properties... time for the account... to a change... at the Royal... Chartered Survey... quently auditors... have been year... opinion this year... of the property... At the same... sterling has more... impact of... leaving borrow... £656m., book of... fractionally high...

# Productivity in industry increasing only slowly

By Peter Riddell, Property Correspondent

PRODUCTIVITY in British industry is increasing at a much slower rate than is usual in the early stages of economic recovery.

Output per head in manufacturing industry rose by 4 per cent in the year to the fourth quarter of 1976, compared with a 9.1 per cent increase during a similar period in the 1971-72 economic cycle. Productivity is still lower than at its peak in mid-1973.

This is revealed in the latest issue of the Department of Employment Gazette published yesterday, which also shows a further rise in overtime working. This stood at 15.78m. hours, seasonally adjusted, in mid-January compared with 15.51m. hours in December, and 12.62m. hours a year earlier.

The slow growth in productivity probably reflects in part the impact of the Government's various job creation and preservation measures.

# Chance of Britain winning EEC nuclear order fades

BY GUY DE JONQUIERES

BRUSSELS, March 30.

THE CHANCES that JET, the EEC's large thermo-nuclear fusion project, will be built in Britain appear to have diminished appreciably in the wake of a fractious meeting of Research Ministers of the Nine in Brussels which broke up inconclusively early this morning.

According to officials here, a British proposal that the machine should be built at Culham Research Laboratory, near Oxford, failed to win the expected support of a majority of other governments, number which are now believed to be leaning in favour of a technically comparable rival site at Garching in Germany.

Culham's apparent relegation from its position as the narrow favourite was being blamed by a number of national officials on resentment caused by British tactics at the meeting, and particularly those of Mr. Gerald Kaufman, Industry Minister, who occupied the chair.

Mr. Kaufman has been criticised for not obviously expected of him as chairman. He has been accused, among other things, of having delayed steering the meeting away from a note which looked set to go against Culham, shortly before it was adjourned.

A spokesman for the British EEC presidency vigorously denied that Mr. Kaufman had acted partially.

While Culham's chances may be revived, they are little left to do so if it is to be built at all.

In the absence of a decision to go ahead with it, the EEC Commission's preparatory work done so far at the beginning of next month, although this deadline is expected to be deferred to allow Ministers the more attempt at an agreement in late April or early May.

The JET project, which has been under discussion for over 18 months, is intended to carry out research into production of abundant low-cost energy. With an initial budget of about £60m. and an expected life of 40 years, it promises to be one of the most important capital projects ever established under the EEC.

The Ministers agreed, however, on a £20m. budget to finance the EEC's joint research centre over the next four years, a sizeable part of which will go to the Community facility at Ispra, in Italy.

Energy Ministers yesterday also approved a Euratom loan of £30m. to finance construction of nuclear power stations. This had been previously blocked by Britain, which has already agreed to soften its insistence on a minimum safeguard price for oil to protect investments in the North Sea and other energy sources.

## Slack

While productivity might be growing more rapidly without the measures, unemployment might also be around 200,000 higher on present official estimates.

The rise in manufacturing productivity over the last year has been at the upper end of the range of the long-term trend rate of growth, of 3.1 to 4 per cent. But on the basis of past output and employment relationships the rise should have been higher since in the early stages of an economic recovery output per head normally rises rapidly as the slack is initially taken up in extra overtime.

Apart from the Government's measures the slower rise in the last 12 months may reflect the length and depth of the recession as well as pressures towards work-sharing and the difficulties of shedding labour. It is also possible that the long-term trend growth rate may have fallen.

For the economy as a whole, the rise in productivity over the year may be nearer 3 per cent, a year than the previous assumption of a 3.1 per cent rise.

Any changes in these relationships could reduce the rate of increase in unemployment over the next year though the Treasury warned on Tuesday that the forecast increase in output was at a rate below the prospective growth of productive potential.

The Department of Employment figures show that the sharpest growth in productivity in the year to the fourth quarter occurred in mining and quarrying—up 9.1 per cent—because of the build-up in North-Sea oil production, and in metal manufacture. Output per head in vehicles rose by just under 1 per cent on the same basis.

It became clear yesterday that the Treasury's latest forecasts imply a further fall in the U.K. share of world trade and a more pessimistic view of the level of import penetration by manufactured goods despite the impact of the sharp fall in sterling last year.

Consequently, the downward revision of the projected current account deficit to £500m. from £1.5bn. in December results in a more favourable view of trade—the prices to import

# Capital and Counties selling six acres of Knightsbridge

BY QUENTIN GURDHAM, PROPERTY CORRESPONDENT

CAPITAL and Counties Property Company hopes to raise more than £40m. at a public auction in July of nearly six acres of Knightsbridge, London, including 20 shops, four hotels and 350 flats.

The rent roll on the properties is currently £1.3m., but almost all leases will be reviewed by 1982 and the new owners could expect substantial rises in this income.

The site, known as the Knightsbridge Estate, covers the side of Brompton Road between Sloane Street and Harrods, the west-side of Sloane Street from the Chelsea Hotel to the Chelsea Hotel, and the site of the Scotch House Island site on the other side of Brompton Road.

The Brompton Road is among the most fashionable shopping streets in London, the site includes Brompton Arty Le. The minimum rent for a shop unit with only an 18 ft frontage on the street is about £50,000. A site though at present leased, are of the luxury type which have lately attracted extremely high offers from foreign buyers.

The sale is being billed as the most valuable portfolio of real estate to be offered for sale by public auction this decade.

Capital and Counties is also trying to sell the major part of its interest in the Victoria shopping centre, Nottingham, a property it values at £22m.

These proposed sales represent the last stages of a de-gearing operation started in 1974. They would take the gross property assets of the group down from £385m. to about £50m.

**Burdened**

This is the size at which Mr. D. R. C. Marler, managing director, yesterday estimated Capital and Counties' gross assets should be the whole of the Knightsbridge Estate and £6-90 per cent of the interest in the Victoria Centre. The company would use the proceeds to eliminate all short-term borrowings. These stand at £40m.

But Mr. Marler said the company was a forced seller. "I now have time on my side, a commodity I have not had for a couple of years." Should the Victoria Centre sale be successful

—he hoped to reach agreement in four to six weeks—the company could decide to retain any part of the Knightsbridge Estate, if it wished.

It is improbable, however, that the group, burdened with foreign borrowings unmatched by foreign assets, will decide to maintain any large proportion of the estate if satisfactory bids are achieved.

The estate was first bought by Mr. Marler's grandfather in 1880, sold in 1908, and repurchased by Capital and Counties between 1950 and 1961.

It seems unlikely, even in the favourable property market this year, that a single buyer for the whole estate will be found.

The portfolio has been divided into 28 lots for the auction at Grosvenor House Ballroom in Park Lane on July 7. A dozen of these are separate, small shop units on the Brompton Road. Several of the blocks of flats will be sold as separate units.

The high prices being fetched for residential units in the fashionable parts of London were illustrated yesterday by the sale of a single penthouse and part of the floor below it for £1.2m.

The penthouse is in the South Lodge, Knightsbridge, developed by Trafalgar House Developments. The buyer is a Swiss based company.

# Scottish facelift grants soar

FACELIFT grants for outstanding buildings in Scotland soared from £13,300 in 1974-1975 to £160,000 in 1975-76, the Historic Buildings Council for Scotland reported.

Thirty-six conservation grants were made, compared with six in the preceding 12 months. Schemes to benefit included the repair of the Victorian Terraces in the Glasgow West conservation area, and the restoration of public

houses in New Lanark for owner-occupation.

The council report said the heavy cost of repairing outstanding country-houses could best be met by partnership between owners, local authorities and the Government, with repairs phased over several years. Country houses could then be restored to their original grandeur, giving pleasure to owners and public alike.

Continued from Page 1

# Interest rates down

meet the market, and possibly permit a full 1 point cut.

This view was also encouraged by the continued strength of sterling. With a favourable overseas reaction to the Budget the Bank of England was again holding down the rate and making in foreign-currency for the U.K. reserves.

Even so, the pound rose above \$1.72 against the dollar for the first time since September 21 last year. It closed with a gain of 13 points at \$1.7305, with its trade-weighted index unchanged at 61.8.

The cut in base rates by the banks was led by National Westminster Bank early in the day.

A move had been on the cards for some time, though the banks preferred to wait until after the Budget.

Mr. Alex Dibbs, the NatWest chief executive, said the low level of interest rates would ease the financing costs of industry, and also "indicates a rising confidence in the containment of inflation."

He added, "Demand for advances continues to be sluggish and we are able to meet requirements within existing deposit resources." It is understood that the banks remain quite comfortably placed under the corset controls on their growth and expect no significant loosening within the current limits.

# Weather

U.K. TO-DAY

CLOUDY with rain, chiefly over Scotland and Northern Ireland. London, S. England, E. Anglia, E. Midlands, Channel. Cloudy, occasional rain at first. Wind fresh or strong. Max. 10C (50F).

## BUSINESS CENTRES

City	Y'day	Mid-day	Y'day	Mid-day
Amsterdam	5.25	5.25	5.25	5.25
Antwerp	5.25	5.25	5.25	5.25
Bahrein	5.25	5.25	5.25	5.25
Bombay	5.25	5.25	5.25	5.25
Buenos Aires	5.25	5.25	5.25	5.25
Calcutta	5.25	5.25	5.25	5.25
Canton	5.25	5.25	5.25	5.25
Cebu	5.25	5.25	5.25	5.25
Hankow	5.25	5.25	5.25	5.25
Hong Kong	5.25	5.25	5.25	5.25
Kobe	5.25	5.25	5.25	5.25
London	5.25	5.25	5.25	5.25
Lyons	5.25	5.25	5.25	5.25
Manila	5.25	5.25	5.25	5.25
Medan	5.25	5.25	5.25	5.25
Osaka	5.25	5.25	5.25	5.25
Paris	5.25	5.25	5.25	5.25
Perth	5.25	5.25	5.25	5.25
Port of Spain	5.25	5.25	5.25	5.25
Rangoon	5.25	5.25	5.25	5.25
San Francisco	5.25	5.25	5.25	5.25
Singapore	5.25	5.25	5.25	5.25
Sourabaya	5.25	5.25	5.25	5.25
Tokyo	5.25	5.25	5.25	5.25
Yokohama	5.25	5.25	5.25	5.25

## HOLIDAY CENTRES

City	Y'day	Mid-day	Y'day	Mid-day
Alicante	1.15	1.15	1.15	1.15
Algeria	1.15	1.15	1.15	1.15
Bahrein	1.15	1.15	1.15	1.15
Bombay	1.15	1.15	1.15	1.15
Buenos Aires	1.15	1.15	1.15	1.15
Calcutta	1.15	1.15	1.15	1.15
Canton	1.15	1.15	1.15	1.15
Cebu	1.15	1.15	1.15	1.15
Hankow	1.15	1.15	1.15	1.15
Hong Kong	1.15	1.15	1.15	1.15
Kobe	1.15	1.15	1.15	1.15
London	1.15	1.15	1.15	1.15
Lyons	1.15	1.15	1.15	1.15
Manila	1.15	1.15	1.15	1.15
Medan	1.15	1.15	1.15	1.15
Osaka	1.15	1.15	1.15	1.15
Paris	1.15	1.15	1.15	1.15
Perth	1.15	1.15	1.15	1.15
Port of Spain	1.15	1.15	1.15	1.15
Rangoon	1.15	1.15	1.15	1.15
San Francisco	1.15	1.15	1.15	1.15
Singapore	1.15	1.15	1.15	1.15
Sourabaya	1.15	1.15	1.15	1.15
Tokyo	1.15	1.15	1.15	1.15
Yokohama	1.15	1.15	1.15	1.15

## Election

In Mr. Barnett's opinion the Budget had created the right conditions for industry in producing a stable economic background and the necessary tax changes.

Sir Geoffrey Howe, shadow Chancellor, gave parts of the Budget a grudging welcome, particularly the move from indirect taxation, and stressed the "complete reversal of policy now being undertaken by Mr. Healey."

Earlier the Chancellor had faced mild criticism from backbench MPs at a meeting of the Parliamentary Labour Party because the Budget was unlikely to be popular with the electorate.

Mr. Healey argued that it had not been intended as an election Budget, but he hoped that in time his proposals would be understood and appreciated.

It had been necessary to err on the side of caution for economic reasons. "It would have been fatal to be profligate at this time," he added.

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